

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. Type of Work: DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. Lease Designation and Serial Number: ML-27908	
B. Type of Well: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER: <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. If Indian, Allottee or Tribe Name: N/A	
2. Name of Operator: Klabzuba Oil and Gas, Inc.		7. Unit Agreement Name: N/A	
3. Address and Telephone Number: 700 17th St., Ste. 1300, Denver, CO 80202 1-303-382-2170		8. Farm or Lease Name: Gordon Creek, State	
4. Location of Well (Footages) At Surface: 1404' FSL, 1703' FWL At Proposed Producing Zone: 4382014N 493738E		9. Well Number: 19-14-8 (b)	
14. Distance in miles and direction from nearest town or post office: 14.1 miles west of Price, Utah		10. Field or Pool, or Wildcat: Gordon Creek	
15. Distance to nearest property or lease line (feet): 995'		11. Qtr/Qtr, Section, Township, Range, Meridian: NE/4 SW/4, Section 19, T14S, R8E, SLB&M	
16. Number of acres in lease: 395.31 acres		12. County: Carbon	
17. Number of acres assigned to this well: 40		13. State: Utah	
18. Distance to nearest well, drilling, completed, or applied for, or 1930'		19. Proposed Depth: 4000'	
20. Rotary or cable tools: Rotary		21. Elevations (show whether DF, RT, GR, etc.): 7644' GR	
22. Approximate date work will start: October, 2001			

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8" J-55 ST&C	36 #	2000'	520 sacks 50/50 pozmix + 8% gel + 10% salt + 0.25 pps cellophane flakes
				300 sacks Class G cement + 2% CaCl ₂ + 0.25 pps cellophane flakes
8-3/4"	5-1/2" J-55 ST&C	15.50 #	4000'	150 sacks 50/50 pozmix + 8% gel + 10% salt + 0.25 pps cellophane flakes
				300 sacks Class G + 10-1 RFC + .25 pps cellophane flakes

DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.*

**Approved by the
Utah Division of
Oil, Gas and Mining**

Date: 10-01-01

By: [Signature]

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DIVISION OF
OIL, GAS AND MINING

24.

Name & Signature: D. Hamilton Don S. Hamilton Title: Agent for Klabzuba Date: 8-30-01

(This space for state use only)

API Number Assigned: 43-007-30807

Approval:

ORIGINAL

CONFIDENTIAL

Range 8 East

(EAST - 5245.68')

N88°58'21"E - 2655.62'

19

(NORTH - 5280.0')

N00°44'59"E - 2753.24'

1702.76'

DRILL HOLE #19-14-8B
ELEVATION 7644.0'

UTM
N - 4382017
E - 493713

1403.88'

ELE. 7438'
SE CORNER

S89°48'43"E - 5401.73'
(EAST - 5253.60')

Legend

- Drill Hole Location
- ⊙ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured

NOTES:

1. UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 27 DATUM.

LAT / LONG
39°35'23"N
111°04'24"W

ORIGINAL

Location:

THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

Basis of Bearing:

THE BASIS OF BEARING IS GPS MEASURED.

GLO Bearing:

THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:

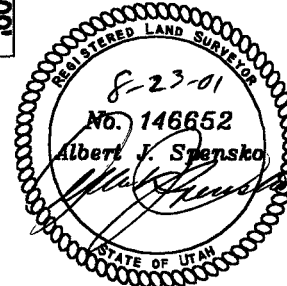
BASIS OF ELEVATION OF 7438' BEING AT THE SOUTHEAST SECTION CORNER OF SECTION 19, TOWNSHIP 14 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE WATTIS QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:

PROPOSED DRILL HOLE LOCATED IN THE NE1/4, SW1/4 OF SECTION 19, T14S, R8E, S.L.B.&M., BEING 1403.88' NORTH AND 1702.76' EAST FROM THE SOUTHWEST CORNER OF SECTION 19, T14S, R8E, SALT LAKE BASE & MERIDIAN.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603

KLABZUBA OIL & GAS
Gordon Creek State
19-14-8b

Section 19, T14S, R8E, S.L.B.&M.
Carbon County, Utah

Drawn By:
J. STANSFIELD

Checked By:
L.W.J./A.J.S.

Drawing No.
A-1

Date:
08/21/01

Scale:
1" = 1000'

Sheet 1 of 4

Job No.
429

GRAPHIC SCALE

0 500' 1000'

(IN FEET)

1 inch = 1000 ft.



Talon Resources, Inc.

Service, Quality and Accuracy

375 South Carbon Avenue A-10
Suite 101
Price, Utah 84501
Phone: 435-637-8781
435-637-5032 Ext 710/711

Cell: 801-650-1401
801-650-1402
Fax: 435-636-8603
Email: talon@castlenet.com

August 30, 2001

Mr. John Baza
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Application for Permit to Drill — Gordon Creek, State 19-14-8(b), Carbon County, Utah
1404' FSL, 1703' FWL, Section 19, T14S, R8E, SLB&M.

Dear Mr. Baza:

On behalf of Klabzuba Oil and Gas, Inc. (Klabzuba), Talon Resources, Inc. respectfully submits the enclosed original of the *Application for Permit to Drill (APD)* for the above referenced well. A request for exception to spacing has also been included since the well is located within 460' of the drilling unit boundary. Included with the APD is the following supplemental information:

- Exhibit "A" - Survey Plats and Layouts;
- Exhibit "B" - Location Maps;
- Exhibit "C" - Drilling Site Layout;
- Exhibit "D" - Drilling Program;
- Exhibit "E" - Multi Point Surface Use Plan;
- Exhibit "F" - Typical Road Cross Section;
- Exhibit "G" - Typical BOP Diagram;
- Exhibit "H" - Typical Choke Manifold Diagram;

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Please accept this letter as Klabzuba Oil and Gas's written request for confidential treatment of all information contained in and pertaining to this application.

Thank you very much for your timely consideration of this application. Please feel free to contact myself or Mr. Paul Urban of Klabzuba if you have any questions.

Sincerely,

D. Hamilton

Don S. Hamilton

Environmental Manager / Project Coordinator

cc: Mr. Paul Urban, Klabzuba
Mr. Mark Caldwell, Klabzuba
Klabzuba Well File

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STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

1. Type of Well: OIL ☐ GAS ☒ OTHER:

2. Name of Operator:

Klabzuba Oil and Gas, Inc.

3. Address and Telephone Number:

700—17th Street, Ste. 1300, Denver, CO 80202 1-303-382-2170

4. Location of Well

Footages:

1404' FSL, 1703' FWL

QQ, Sec., T., R., M.:

NE/4 SW/4, Section 19, T14S, R8E, SLB&M

5. Lease Designation and Serial Number:

ML-27908

6. If Indian, Allottee or Tribe Name:

N/A

7. Unit Agreement Name:

N/A

8. Well Name and Number:

Gordon Creek State 19-14-8 (b)

9. API Well Number:

10. Field or Pool, or Wildcat:

Wildcat

County: Carbon

State: Utah

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

NOTICE OF INTENT (Submit in Duplicate)

- | | |
|--|---|
| <input type="checkbox"/> Abandon | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Recomplete |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Multiple Completion | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Other _____ | |
- Approximate date work will start _____

SUBSEQUENT REPORT (Submit Original Form Only)

- | | |
|---|---|
| <input type="checkbox"/> Abandon * | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Other <u>Request for Exception to State Spacing</u> | |
| Date of work completion _____ | |

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.

* Must be accompanied by a cement verification report.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Request for exception to spacing (state spacing rules) based on geology.

The well is located within 460' of the drilling unit boundary.

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DIVISION OF
OIL, GAS AND MINING

13.

Name & Signature:

D. Hamilton

Don S. Hamilton

Title: Agent for Klabzuba

Date: 8-30-01

(This space for state use only)

ORIGINAL

EXHIBIT "D"
DRILLING PROGRAM

Attached to UDOGM Form 3
Klabzuba Oil and Gas, Inc.
Gordon Creek, State 19-14-8 (b)
NE/4 SW/4, Sec. 19, T14S, R8E, SLB & M
1404' FSL, 1703' FWL
Carbon County, Utah

1. The Geologic Surface Formation

Emery Sandstone Member of the Mancos Shale

2. Estimated Tops of Important Geologic Markers

	<u>MD</u>	<u>Subsea</u>
L. Mancos (Base Sandy Zone)	1,625'	6,015'
Top L. Mancos Gas Zone	2,575'	5,065'
St. 18-1A mancos "perfed int."	2,685'	4,955'
Mancos Blue Gate Marker	3,315'	4,325'
Ferron Top	3,395'	4,245'
Ferron Marine Sand	3,450'	4,190'
Lower Ferron Sand	3,735'	3,905'

3. Projected Gas & H2O zones

Mancos Gas Zone:	2,090' – 2,865'
Ferron Sands:	3,410' – 3,730'

Groundwater may be encountered within the Emery Sandstone Member of the Mancos Shale. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 2000 psi.

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4. The Proposed Casing and Cementing Programs

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT, GRADE & JOINT	CONDITION
12-1/4"	2000'	9-5/8"	36# J-55 ST&C	New
8-3/4"	4000'	5-1/2"	15.5# J-55 ST&C	New

Cement Program –

Surface Casing: 520 sacks 50/50 pozmix + 8% gel +10% salt + 0.25 pps cellophane flake;
Weight: 12.5 #/gal
Yield: 2.08 cu.ft/sk
Excess: 125%
300 sacks G + 2 % CaCl₂ + 0.25 pps cellophane flakes;
Weight: 15.8 #/gal
Yield: 1.15 cu.ft/sk
Excess: 125%

Production Casing: 150 sacks 50/50 pozmix + 8% gel +10% salt + 0.25 pps cellophane flake
Weight: 12.5 #/gal
Yield: 2.08 cu.ft/sk
Excess: 25%
300 sacks 10-1 RFC with 0.25 pps cellophane flakes
Weight: 14.2 #/gal
Yield: 1.61 cu.ft/sk
Excess: 25%

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

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5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 3000 psi BOP will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

0-2000	12-1/4" hole	Drill with air, will mud-up if necessary.
2000-TD	8-3/4" hole	Drill with air, will mud-up if necessary. 400 psi @ 1500-1800 Scf.

7. The Testing, Logging and Coring Programs are as followed

2000-TD Gamma Ray, Density, Neutron Porosity, Induction, Caliper

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in The area nor at the depths anticipated in this well. Bottom hole pressure expected is 1700 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: October 2001.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

EXHIBIT "E"
Multipoint Surface Use Plan

Attached to UDOGM Form 3
Klabzuba Oil and Gas, Inc.
Gordon Creek, State 19-14-8 (b)
NE/4 SW/4, Sec. 19, T14S, R8E, SLB & M
1404' FSL, 1703' FWL
Carbon County, Utah

1. Existing Roads

- a. The proposed access road will encroach the gravel-surfaced Haley Canyon Road under Carbon County Maintenance in which approval is pending. The approach will be constructed consistent with Carbon County Road specifications.
- b. We do not plan to change, alter or improve upon any other existing state or county roads. Existing roads will be maintained in the same or better condition. See Exhibit "B".

2. Planned Access

Approximately 2,300' of new access is required (See Exhibit "B")

- a. Maximum Width: 20' travel surface with 27' base
- b. Maximum grade: 10%
- c. Turnouts: None
- d. Drainage design: 4 – 18" culverts may be required. Water will be diverted around the road as necessary and practical.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Existing trees will be left in place where practical to provide screening and buffer areas.

3. Location of Existing Wells

- a. See Exhibit "B". There are no proposed and six existing wells within a one mile radius of the proposed location.

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will be as shown on Exhibit "H".
- b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. Location and Type of Water Supply

- a. Water to be used for drilling will be obtained from Price River Water Improvement District (a local source of municipal water).
- b. Water will be transported by truck over approved access roads.
- c. No water well is to be drilled for this location.

6. Source of Construction Materials

- a. Any necessary construction materials needed will be obtained locally from a private source and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

7. Methods for handling waste disposal

- a. As the well is expected to be air drilled, a small reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will be lined with a synthetic liner. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.

- b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.
- c. In the event fluids are produced, any oil will be retained in tanks until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. Ancillary Facilities

- a. We anticipate no need for ancillary facilities with the exception trailers to be located on the drill site.

9. Well-site Layout

- a. Available topsoil will be removed from the location and stockpiled. Location of the rig, reserve and blooie pits, and drilling support equipment will be located as shown on Attachment "C".
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the blooie pit. The blooie pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Exhibit "B".
- d. Natural runoff will be diverted around the well pad.

10. Plans for Restoration of Surface

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

- d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by then existed conditions.
- e. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled immediately upon release of the drilling rig from the location. If the well-site is to be abandoned, all disturbed areas will be re-contoured to the natural contour as is possible.

11. Surface Ownership

- a. The well-site and access road will be constructed on lands owned by the School and Institutional Trust Lands Administration, 675 East 500 South, SLC, Utah 84102-2818; 801-538-5100. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

12. Other Information:

- a. The primary surface use is wildlife habitat. The nearest dwelling is approximately 7 miles east. Nearest live water is Second Water Creek 1.1 miles north.
- b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.
- c. The back-slope and fore-slope will be constructed no steeper than 4:1.
- d. All equipment and vehicles will be confined to the access road and well pad.
- e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations shall be on the well-site during construction and drilling operations.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. **Company Representative**

Paul Urban / Mark Caldwell
Klabzuba Oil and Gas, Inc
700 – 17th Street
Suite 1300
Denver, Colorado 80202
1-303-382-2170

Drilling Consultant

Joe Duncan
C&J Contract Pumping and Well site
Supervision
P.O. Box 1897
Roosevelt, Utah 84066
1-435-823-4200

Permitting Consultant

Don Hamilton
Environ. Man. / Proj. Coord.
Talon Resources, Inc.
375 South Carbon Ave. (A-10)
Price, Utah 84501
1-435-637-8781
1-435-650-1886

Excavation Contractor

Dennis Jensen
Vice President
JNR Construction
P.O. Box 1598
Roosevelt, Utah 84066
1-435-722-3996
1-435-823-6590

Mail Approved A.P.D. To:

Company Representative

14. **Certification**

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Klabzuba Oil and Gas, Inc. and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

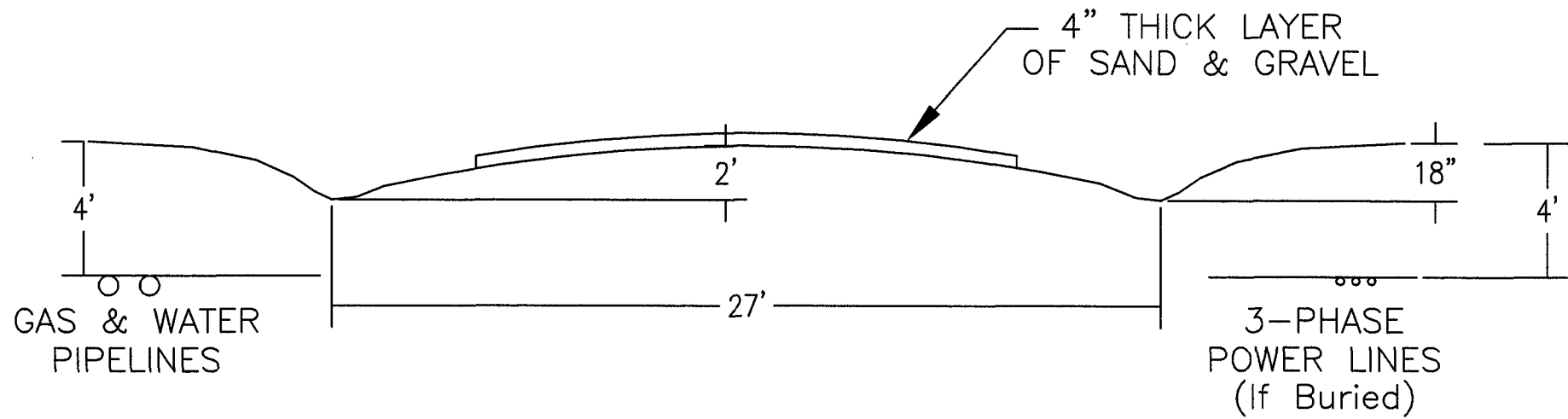
8-28-01

Date

D. Hamilton

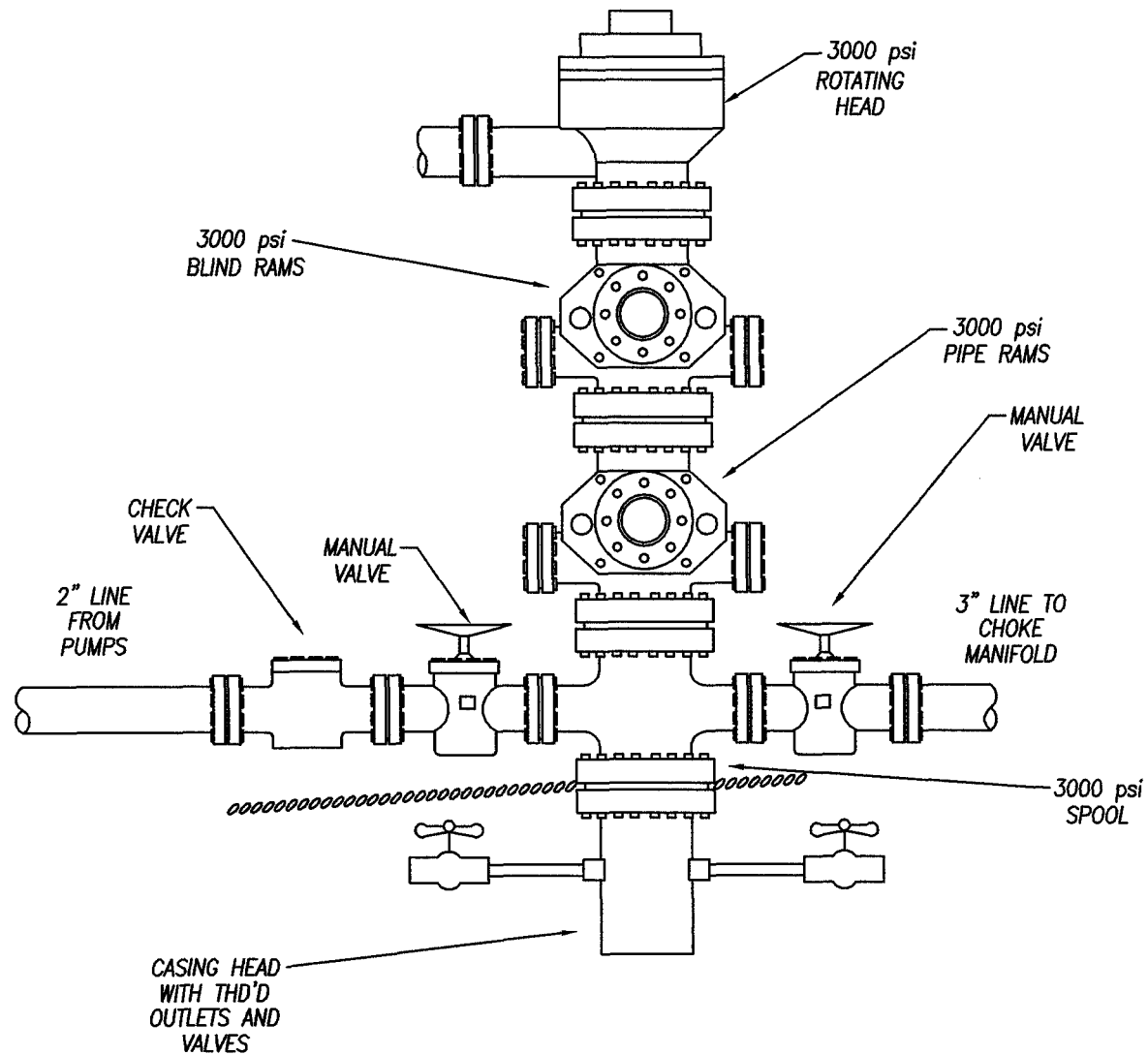
Don S. Hamilton
Environmental Manager / Project Coord.
Talon Resources, Inc.

TYPICAL ROAD CROSS-SECTION

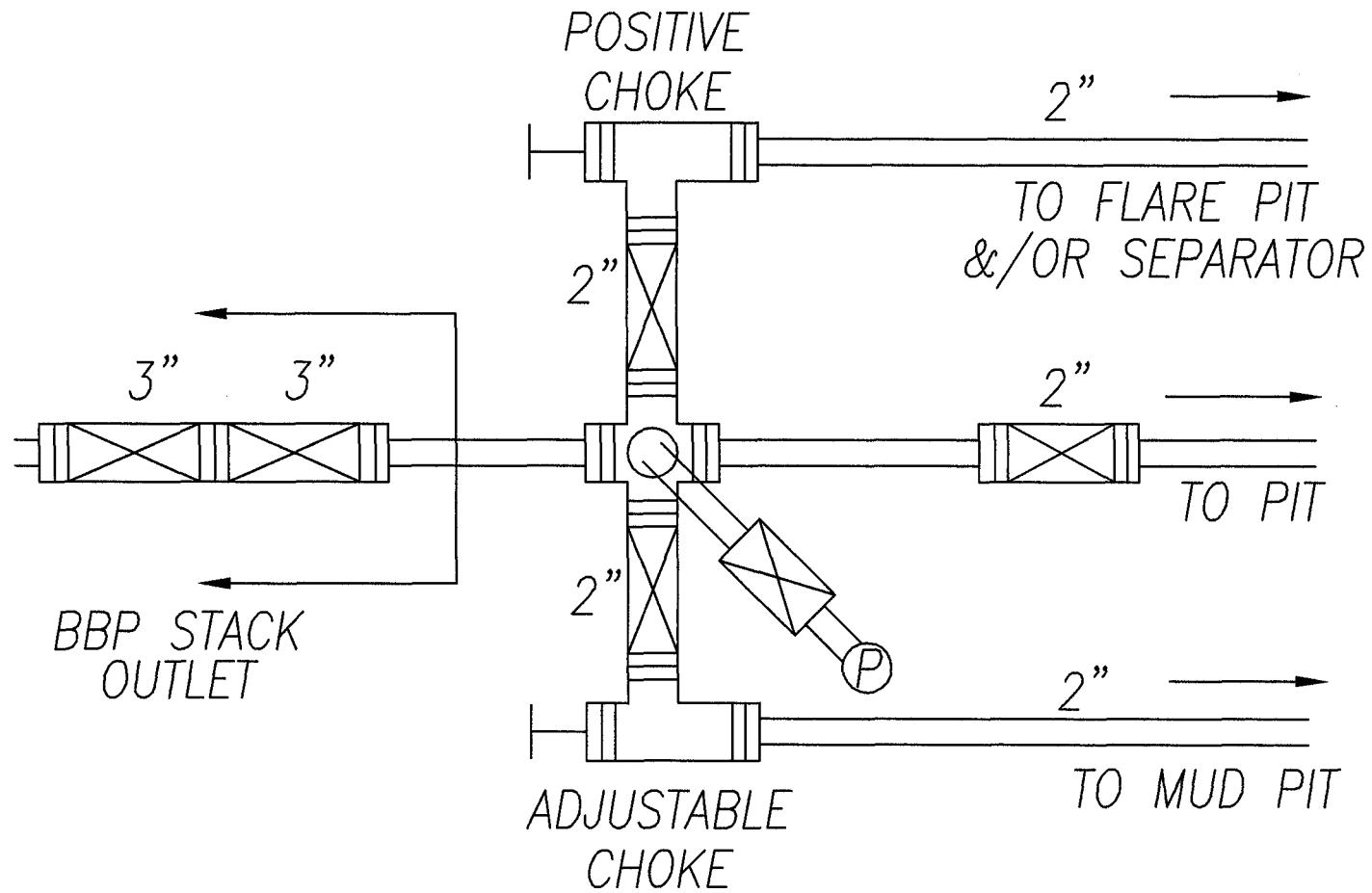


BOP Equipment

3000psi WP



CHOKE MANIFOLD



APPROXIMATE YARDAGES

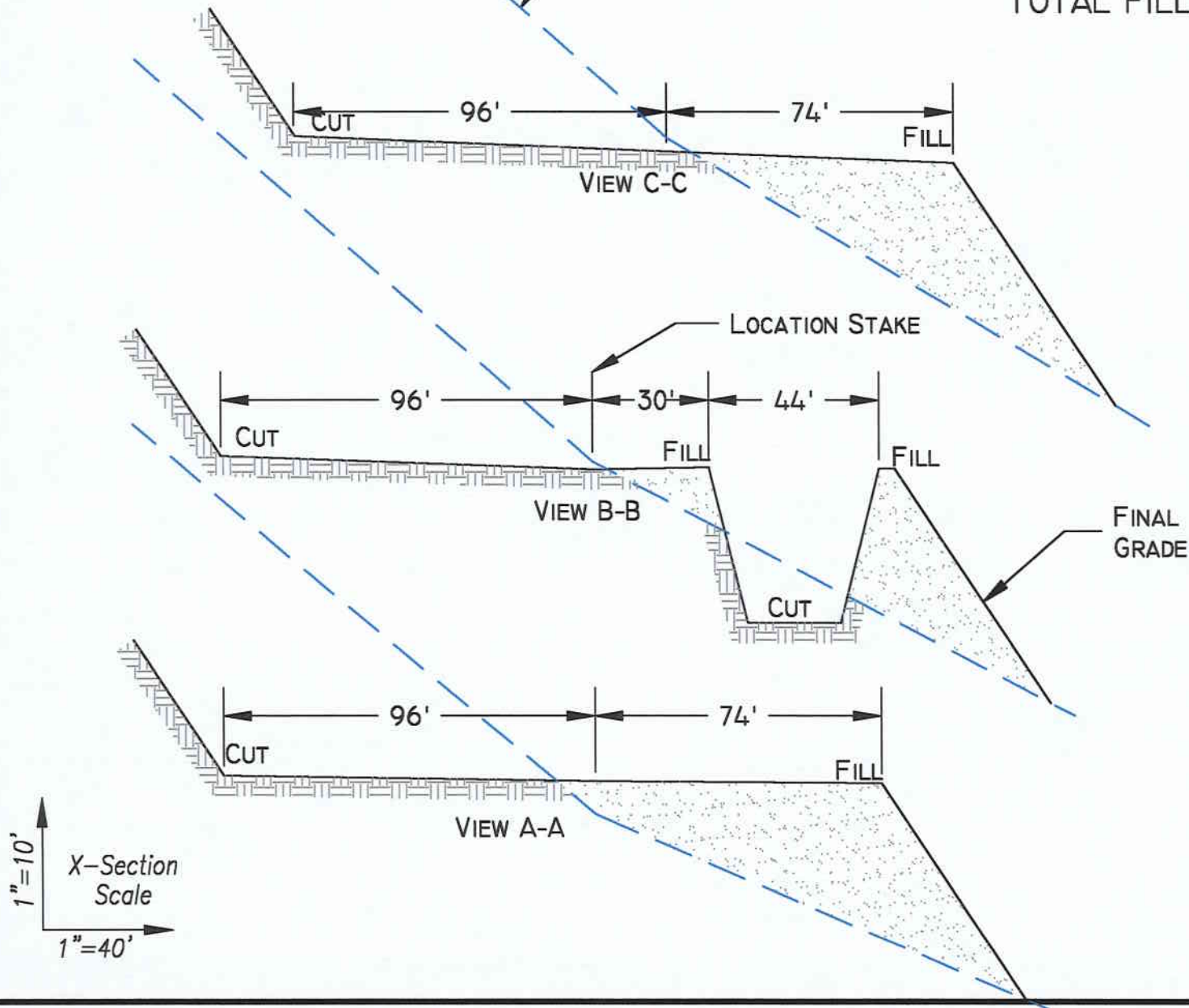
CUT

(6") TOPSOIL STRIPPING = 750 CU. YDS.

REMAINING LOCATION = 9,364 CU. YDS.

TOTAL CUT = 9,553 CU. YDS.

TOTAL FILL = 2,097 CU. YDS.



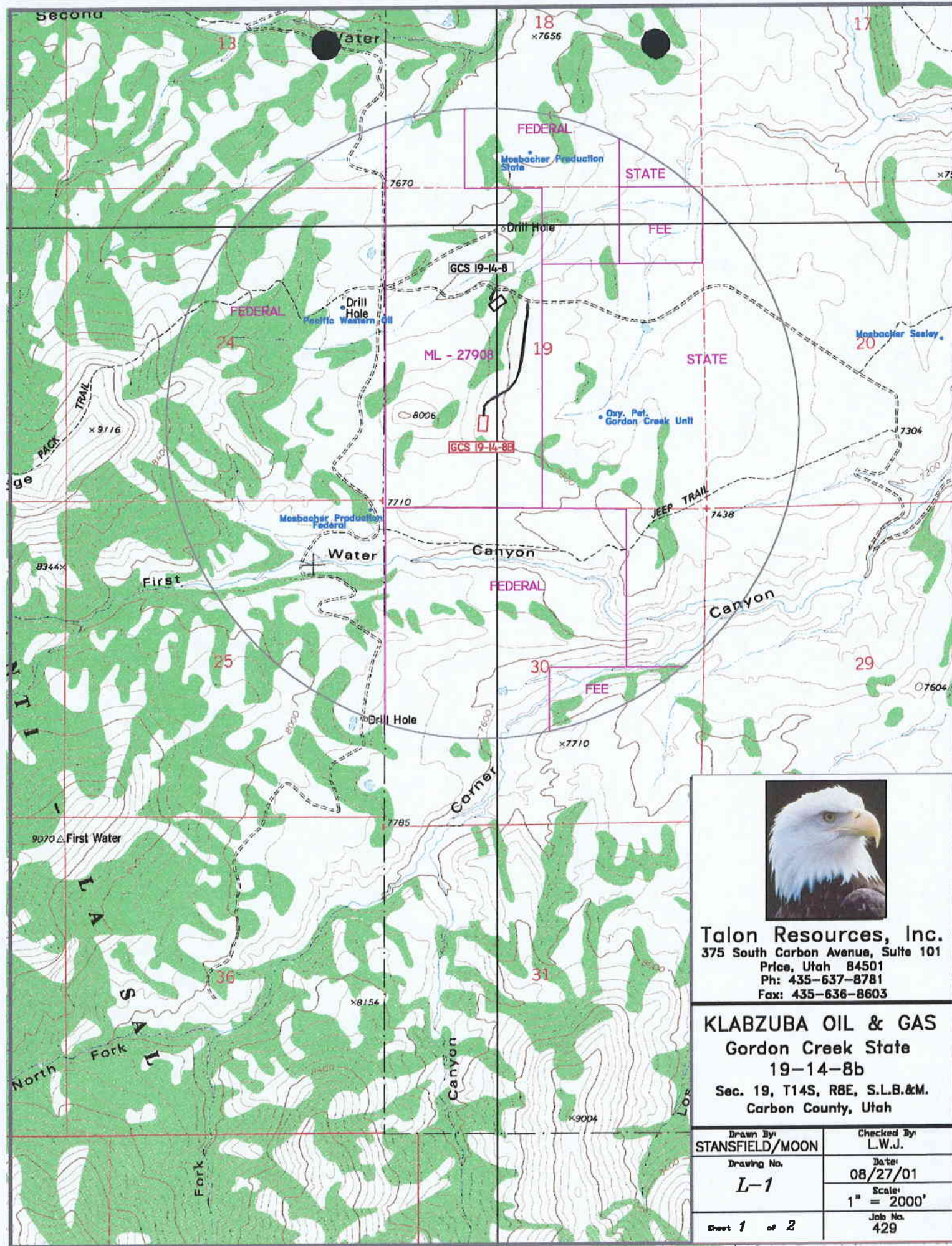
SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 : 1



Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603

KLABZUBA OIL & GAS
TYPICAL CROSS SECTION
Section 19, T14S, R8E, S.L.B.&M.
Gordon Creek State
19-14-8b

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 08/21/01
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 429



Talon Resources, Inc.
 375 South Carbon Avenue, Suite 101
 Price, Utah 84501
 Ph: 435-637-8781
 Fax: 435-636-8603

KLABZUBA OIL & GAS
 Gordon Creek State
 19-14-8b
 Sec. 19, T14S, R8E, S.L.B.&M.
 Carbon County, Utah

Drawn By: STANSFIELD/MOON	Checked By: L.W.J.
Drawing No. L-1	Date: 08/27/01
	Scale: 1" = 2000'
Sheet 1 of 2	Job No. 429

Klabzuba Oil & Gas
111°08'30" W 111°07'00" W 111°05'30" W 111°04'00" W 111°02'30" W 111°01'00" W NAD27 110°58'30" W

TALON RESOURCES, INC.

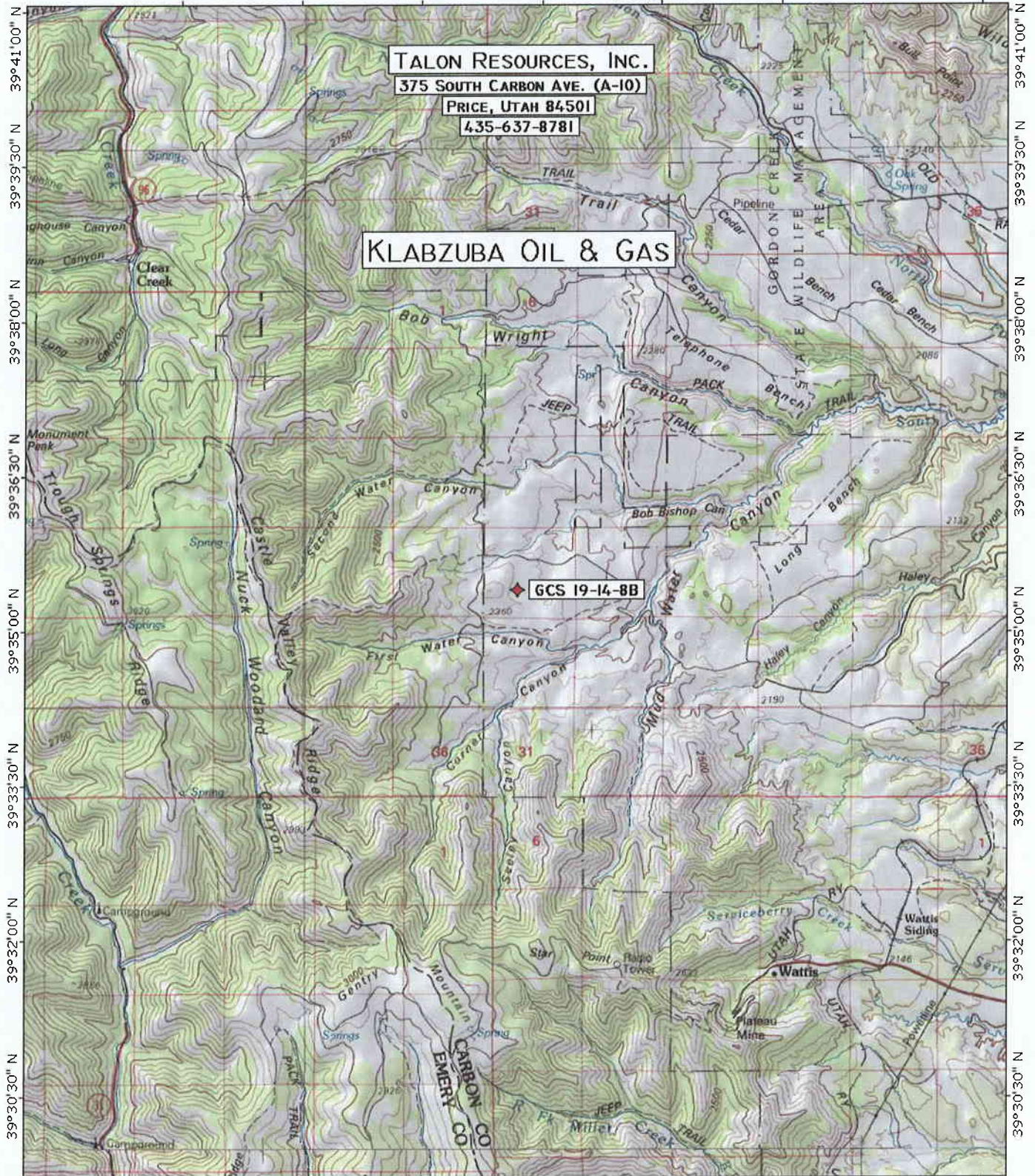
375 SOUTH CARBON AVE. (A-10)

PRICE, UTAH 84501

435-637-8781

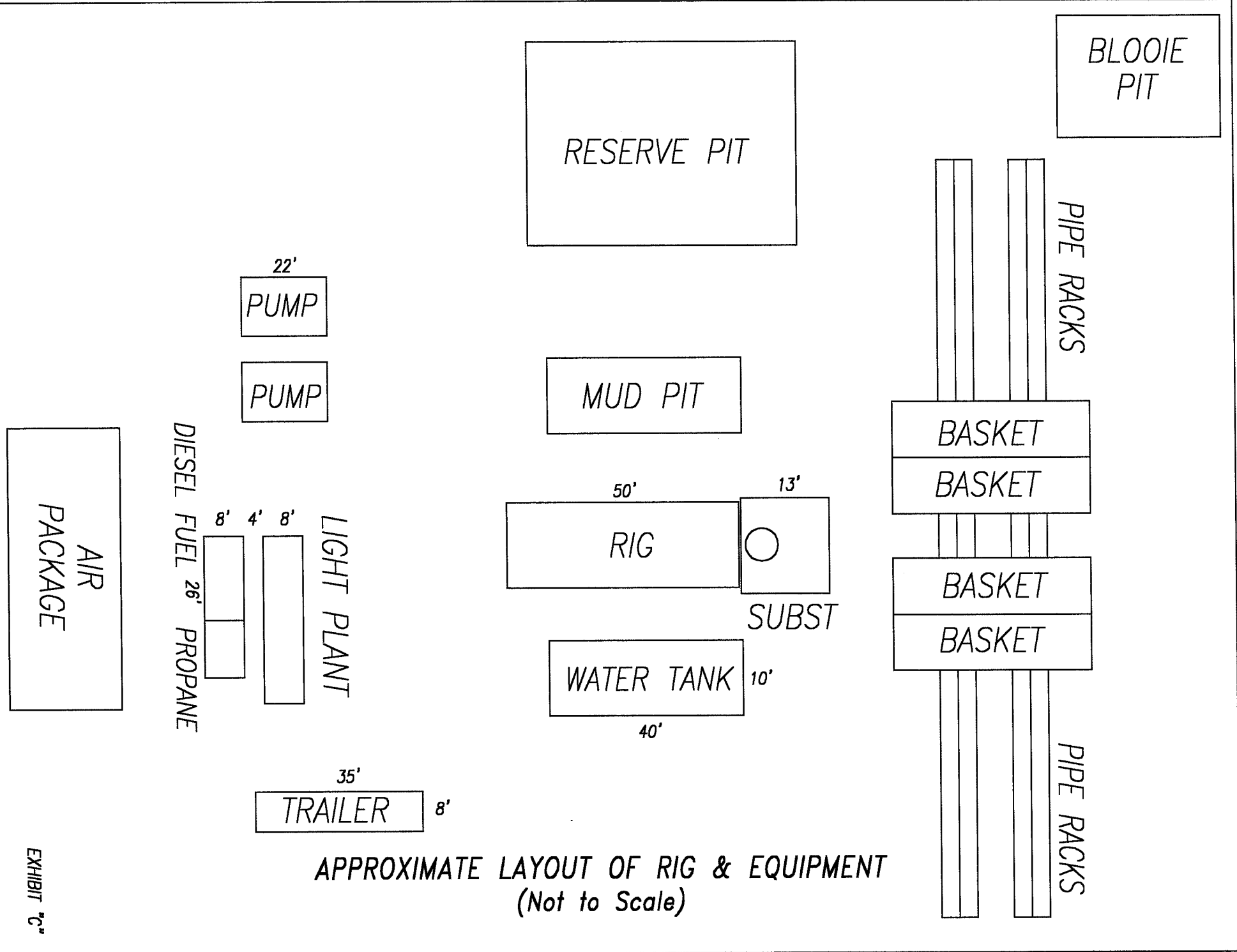
KLABZUBA OIL & GAS

GCS 19-14-8B



TN/MN
13°

0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles
0 1 2 3 4 5 km
Printed from TOPOI ©2000 National Geographic Holdings (www.topo.com)



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/04/2001

API NO. ASSIGNED: 43-007-30807

WELL NAME: GORDON CREEK ST 19-14-8 (B)

OPERATOR: KLABZUBA OIL & GAS INC (N1325)

CONTACT: DON HAMILTON. AGENT

PHONE NUMBER: 435-637-8781

PROPOSED LOCATION:

NESW 19 140S 080E

SURFACE: 1404 FSL 1703 FWL

BOTTOM: 1404 FSL 1703 FWL

CARBON

GORDON CREEK (20)

LEASE TYPE: 3 - State

LEASE NUMBER: ML-27908 *hc*

SURFACE OWNER: 3 - State

PROPOSED FORMATION: FRSD

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	<i>DKO</i>	<i>10/1/01</i>
Geology		
Surface		

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[] Ind[] Sta[3] Fee[]

(No. *B32644629*)

N Potash (Y/N)

N Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit

(No. PRWID)

N RDCC Review (Y/N)

(Date:)

N/A Fee Surf Agreement (Y/N)

LOCATION AND SITING:

___ R649-2-3. Unit ___

___ R649-3-2. General

☒ Siting: 460 From Qtr/Qtr & 920' Between Wells

☒ R649-3-3. Exception *

___ Drilling Unit

Board Cause No: ___

Eff Date: ___

Siting: ___

___ R649-3-11. Directional Drill

COMMENTS: *Need Presite (09-18-01)*

STIPULATIONS: *1- Spacing Slip*
② STATEMENT OF BASIS

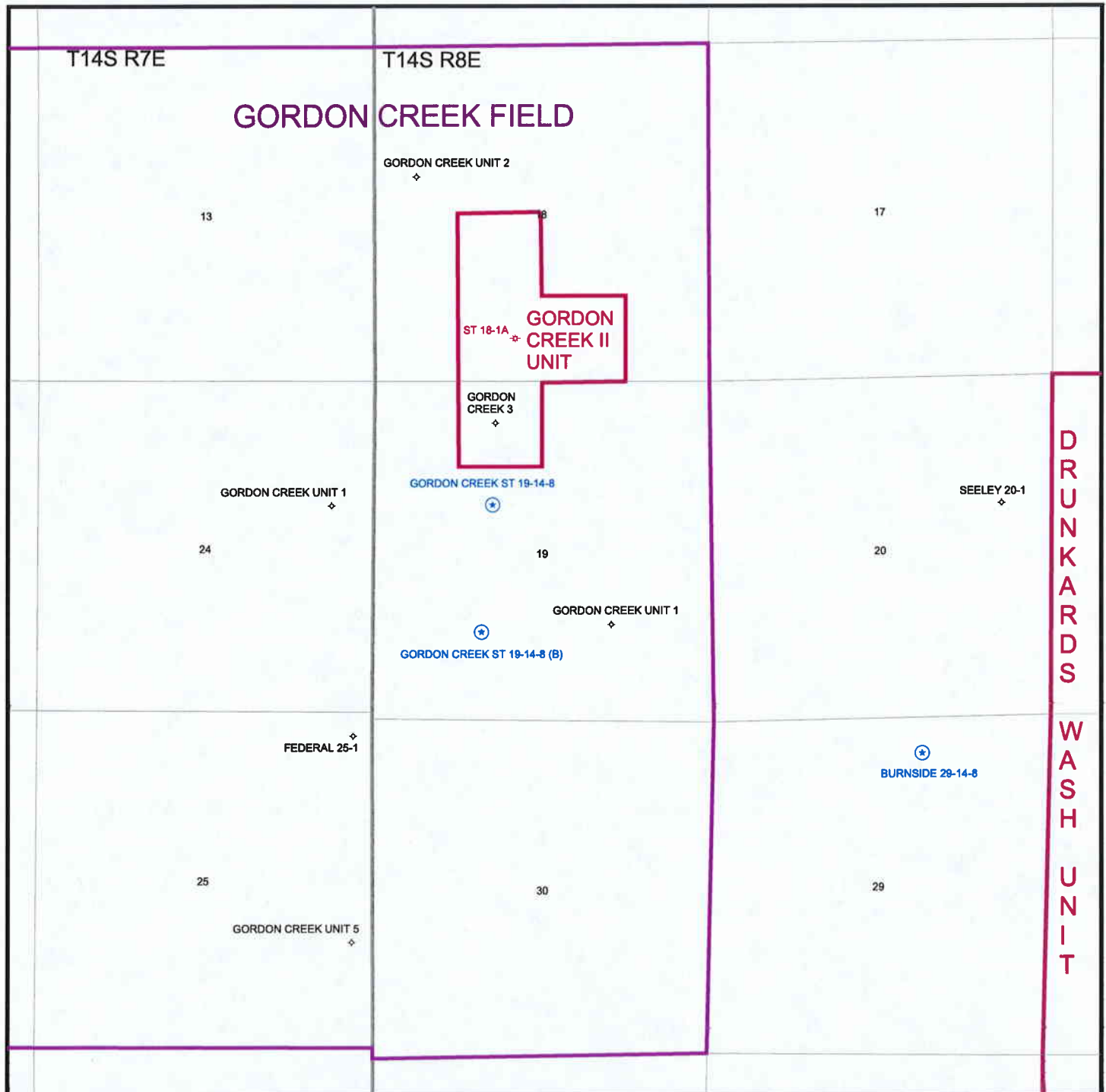


OPERATOR: KLABZUBA O&G INC (N1325)

SEC. 19, T14S, R8E

FIELD: GORDON CREEK (020)

COUNTY: CARBON SPACING: R649-3-3/EX LOC



ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: Klabzuba Oil and Gas, Inc.
WELL NAME & NUMBER: Gordon Creek State 19-14-8b
API NUMBER: 43-007-30807
LEASE: State FIELD/UNIT: Gordon Creek
LOCATION: 1/4, 1/4 NESW Sec: 19 TWP: 14S RNG: 8E 1404' FSL 1703' FWL
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4, 1/4 LINE; 920 F ANOTHER WELL.
GPS COORD (UTM): 493,711 E; 4,382,017 N SURFACE OWNER: SITLA

PARTICIPANTS

M. Jones DOGM), Chris Colt (DWR), D. Hamilton (Talon), SITLA and Carbon County were invited but chose not to attend.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

The proposed location is ~7 miles west of the nearest dwelling. And ~15 miles west of Price, UT. The closest live water source is Second water creek 1.1 miles to the North. The area drains into Water Canyon and eventually dumps into the Price River.

SURFACE USE PLAN

CURRENT SURFACE USE: Grazing and wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 260' X 170' and 2300' of new access road.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: No proposed and six existing within a one mile radius of the proposed location.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Along roadways.

SOURCE OF CONSTRUCTION MATERIAL: Purchased locally and transported in.

ANCILLARY FACILITIES: None anticipated.

WASTE MANAGEMENT PLAN:

A lined reserve pit will be constructed to handle drill cuttings and liquid waste during the drilling process. Chemical toilets will be kept on site during drilling activities and will be disposed of at an appropriate municipal sewage facility. Trash will be kept in dumpsters and also taken to an appropriate municipal handling facility when drilling is completed.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: Native grasses, oak, sagebrush, elk, deer, fowl, rabbits.

SOIL TYPE AND CHARACTERISTICS: Silty clay, light gray in color.

SURFACE FORMATION & CHARACTERISTICS: Mancos Shale and Quaternary alluvium derived from the Mancos shale and overlying sandstones.

EROSION/SEDIMENTATION/STABILITY: Highly erosive.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: dugout earthen pit, 44 X 80 X 10 pit enclosed within the pad boundaries.

LINER REQUIREMENTS (Site Ranking Form attached): Synthetic liner.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: On file with State.

CULTURAL RESOURCES/ARCHAEOLOGY: On file with State.

OTHER OBSERVATIONS/COMMENTS

Due to the highly erosive nature of this area and its soil special stipulations were made to ensure the integrity of the pad as well as the surrounding environment. A diversion ditch, armored on the turns, will be built from the west edge of the pad to and along the south edge of the pad and then turning it away from an eroding area back to the North.

Discussion was also made about asking Klabzuba to place in strategic locations along the presently eroding gully, straw bales to help slow down erosion. The pad was spun 180 degrees to put the reserve pit on the uphill side of the location to place it in cut rather than fill material.

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones
DOGM REPRESENTATIVE

Sept. 18, 2001 / 10:00 am
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>10</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>0</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

Final Score 25 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

OPERATOR: Klabzuba Oil and Gas Inc.
WELL NAME & NUMBER: Gordon Creek State 19-15-8b
API NUMBER: 43-007-30807
LOCATION: 1/4,1/4 NESW Sec: 19 TWP: 14S RNG: 8E 1404' FSL 1703' FWL

Geology/Ground Water:

This location is in a horst and graben area of the Wasatch Plateau. A search of the water rights database for this area show that there are 2 points of diversion within a mile of this location. They are from an underground water well 500 feet in depth. It will necessary to set surface casing for this well through the Garley Canyon Sand, both upper and lower members, & Emery Sandstone Members of the Mancos Formation. These sands are potential fresh water bearing sands and will need to be protected. The casing will be cemented back to surface to protect any water bearing strata encountered in the upper portions of the drill hole. In like manner any water zone encountered in the lower hole will also be placed behind pipe and cement will be placed across the zone for a minimum of 100' above and below the water bearing zone.

Reviewer: K. Michael Hebertson **Date:** 25- September- 2001

Surface:

The site was photographed and characterized on 9/18/2001. Rehabilitation of the site, litter and waste control, preservation and drainage patterns, groundwater and other resources was discussed and agreed on. Any well utilities and gathering systems will follow the roadways. Due to the erosive nature of the area and its soil special considerations were agreed on to ensure the integrity of the well site as well as protect and minimize the effect of possible erosion to the surrounding environment.

Reviewer: Mark L. Jones **Date:** Sept. 19, 2001

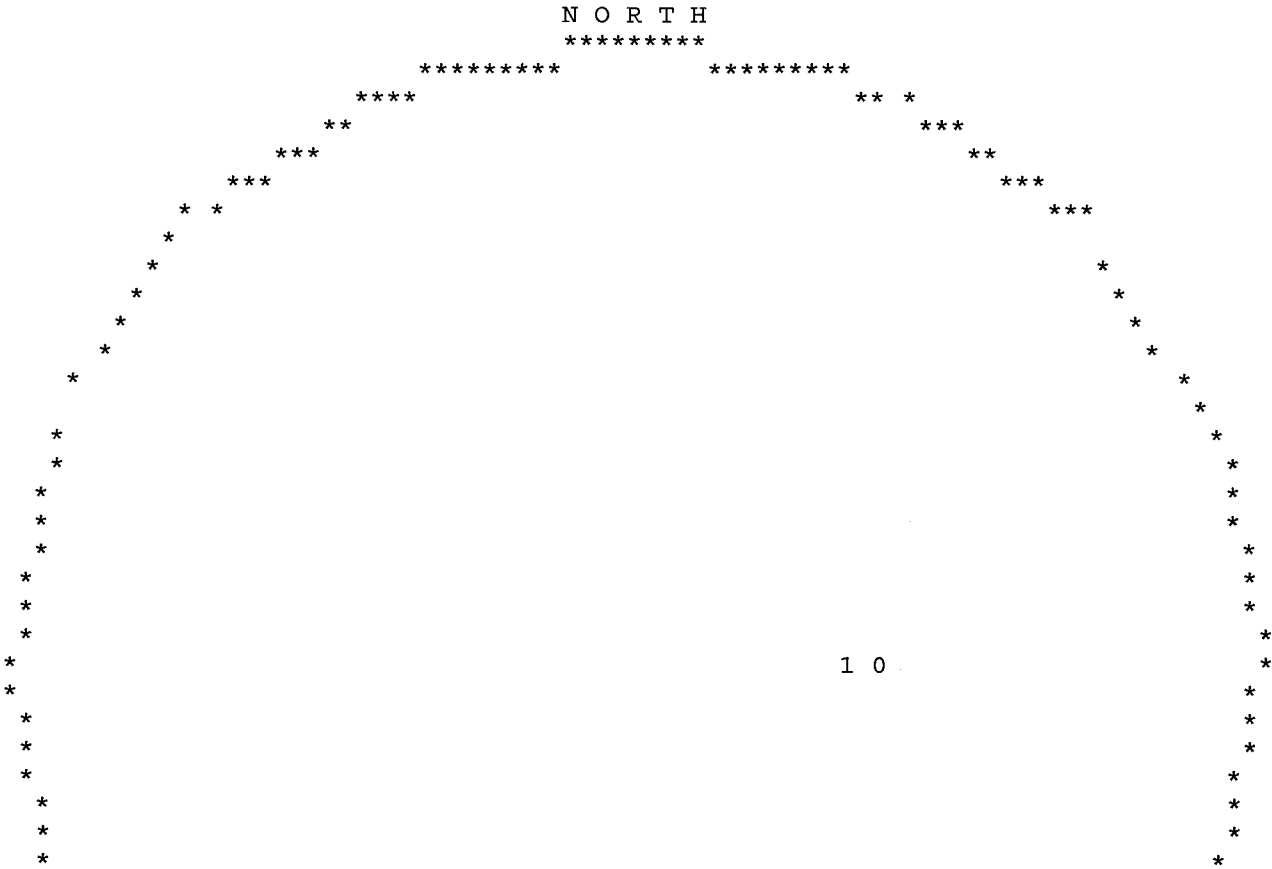
Conditions of Approval/Application for Permit to Drill:

1. Amended drilling plat layout showing the 180-degree turning of the pad to place to reserve pit in cut material. Also showing the diversion ditch around the West and South side of the pad and showing the dispersal of runoff water back to the North, away from existing erosion SE of the well pad.
2. Winter closure restriction from December 1 thru April 15.
3. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.

UTAH DIVISION OF WATER RIGHTS
WATER RIGHT POINT OF DIVERSION PLOT CREATED TUE, SEP 25, 2001, 3:07 PM
PLOT SHOWS LOCATION OF 2 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FROM A POINT
N 1404 FEET, E 1703 FEET OF THE SW CORNER,
SECTION 19 TOWNSHIP 14S RANGE 8E SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET



UTAH DIVISION OF WATER RIGHTS
NWPLAT POINT OF DIVERSION LOCATION PROGRAM

2 of 2



Talon Resources, Inc.

Service, Quality and Accuracy

375 South Carbon Avenue A-10
Suite 101
Price, Utah 84501
Phone: 435-637-8781
435-637-5032 Ext 710/711

Cell: 801-650-1401
801-650-1402
Fax: 435-636-8603
Email: talon.5@straband.com

September 24, 2001

Mrs. Lisha Cordova
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Request for Exception to State Spacing Rule—Gordon Creek State 19-14-8 (b),
Carbon County, Utah: 1404' FSL, 1703' FWL, Section 19, T14S, R8E, SLB&M.

Dear Mrs. Cordova:

On behalf of Klabzuba Oil and Gas, Inc. (Klabzuba) Talon Resources, Inc. respectfully submits the following information to supplement the previously submitted *APD* for the above referenced well.

Klabzuba Oil and Gas, Inc. is the only owner and operator within 460' of the proposed well location.

A *Sundry Notice* requesting exception to the state spacing rule has previously been submitted with the *APD* since the well is located within 460' of the drilling unit boundary.

Thank you for your timely consideration of this request. Please feel free to contact me or Mrs. Christy Sirola of Klabzuba at 1-303-382-2170 if you have any questions or need additional information.

Sincerely,

Don S. Hamilton

Don S. Hamilton
Environmental Manager / Project Coordinator

cc. Mrs. Christy Sirola—Klabzuba
Mr. Mark Caldwell—Klabzuba
Klabzuba Well File

Attachment

RECEIVED

SEP 26 2001

DIVISION OF
OIL, GAS AND MINING

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

1. Type of Well: OIL ☐ GAS ☒ OTHER:

2. Name of Operator:

Klabzuba Oil and Gas, Inc.

3. Address and Telephone Number:

700—17th Street, Ste. 1300, Denver, CO 80202 1-303-382-2170

4. Location of Well

Footages:

1404' FSL, 1703' FWL

QQ, Sec., T., R., M.:

NE/4 SW/4, Section 19, T14S, R8E, SLB&M

5. Lease Designation and Serial Number:

ML-27908

6. If Indian, Allottee or Tribe Name:

N/A

7. Unit Agreement Name:

N/A

8. Well Name and Number:

Gordon Creek State 19-14-8 (b)

9. API Well Number:

43-007-30807

10. Field or Pool, or Wildcat:

Wildcat

County: Carbon

State: Utah

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

NOTICE OF INTENT
(Submit in Duplicate)

- | | |
|--|---|
| <input type="checkbox"/> Abandon | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Recomplete |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Multiple Completion | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Other _____ | |
- Approximate date work will start _____

SUBSEQUENT REPORT
(Submit Original Form Only)

- | | |
|---|---|
| <input type="checkbox"/> Abandon * | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Other <u>Well site rotation during the onsite</u> | |
| Date of work completion _____ | |

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.

* Must be accompanied by a cement verification report.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

The orientation of the Gordon Creek State 19-14-8 (b) was rotated 180 degrees during the September 18, 2001 onsite to place the reserve pit in more cut.

Please update the previously submitted APD with the following items:

- Location Layout
- Cut Sheet
- Topographic Map

RECEIVED

SEP 27 2001

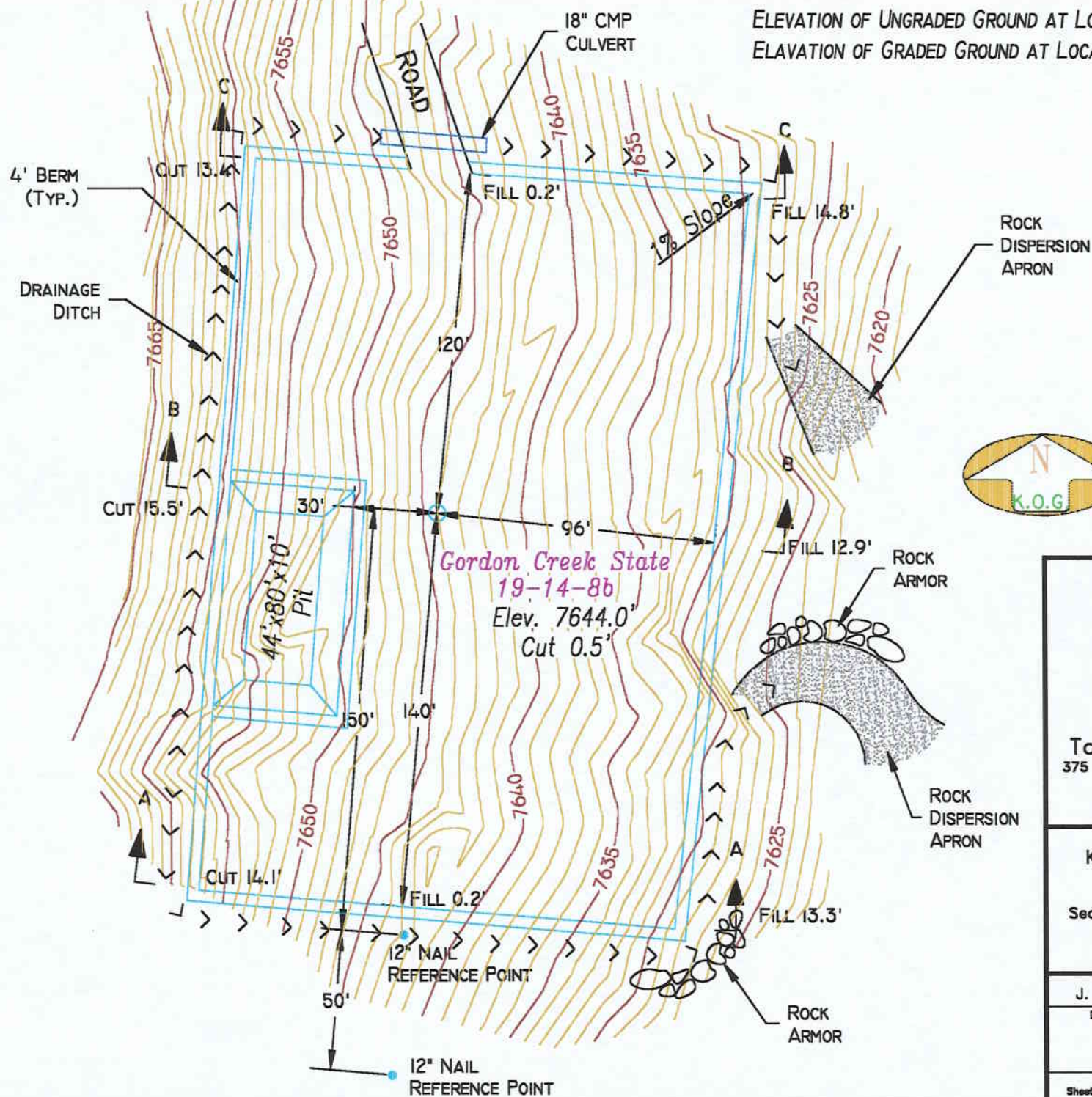
DIVISION OF
OIL, GAS AND MINING

ORIGINAL

13.

Name & Signature: Don S. Hamilton Don S. Hamilton Title: Agent for Klabzuba Date: 9-25-01

(This space for state use only)



Talon Resources, Inc.
 375 South Carbon Avenue, Suite 101
 Price, Utah 84501
 Ph: 435-637-8781
 Fax: 435-636-8603

KLABZUBA OIL & GAS
LOCATION LAYOUT
 Section 19, T14S, R8E, S.L.B.&M.
 Gordon Creek State
 19-14-8b

Drawn By:
J. STANSFIELD

Checked By:
L.W.J.

Drawing No.

Date:
08/21/01

A-2

Scale:
1" = 50'

Sheet **2** of **4**

Job No.
429

APPROXIMATE YARDAGES

CUT

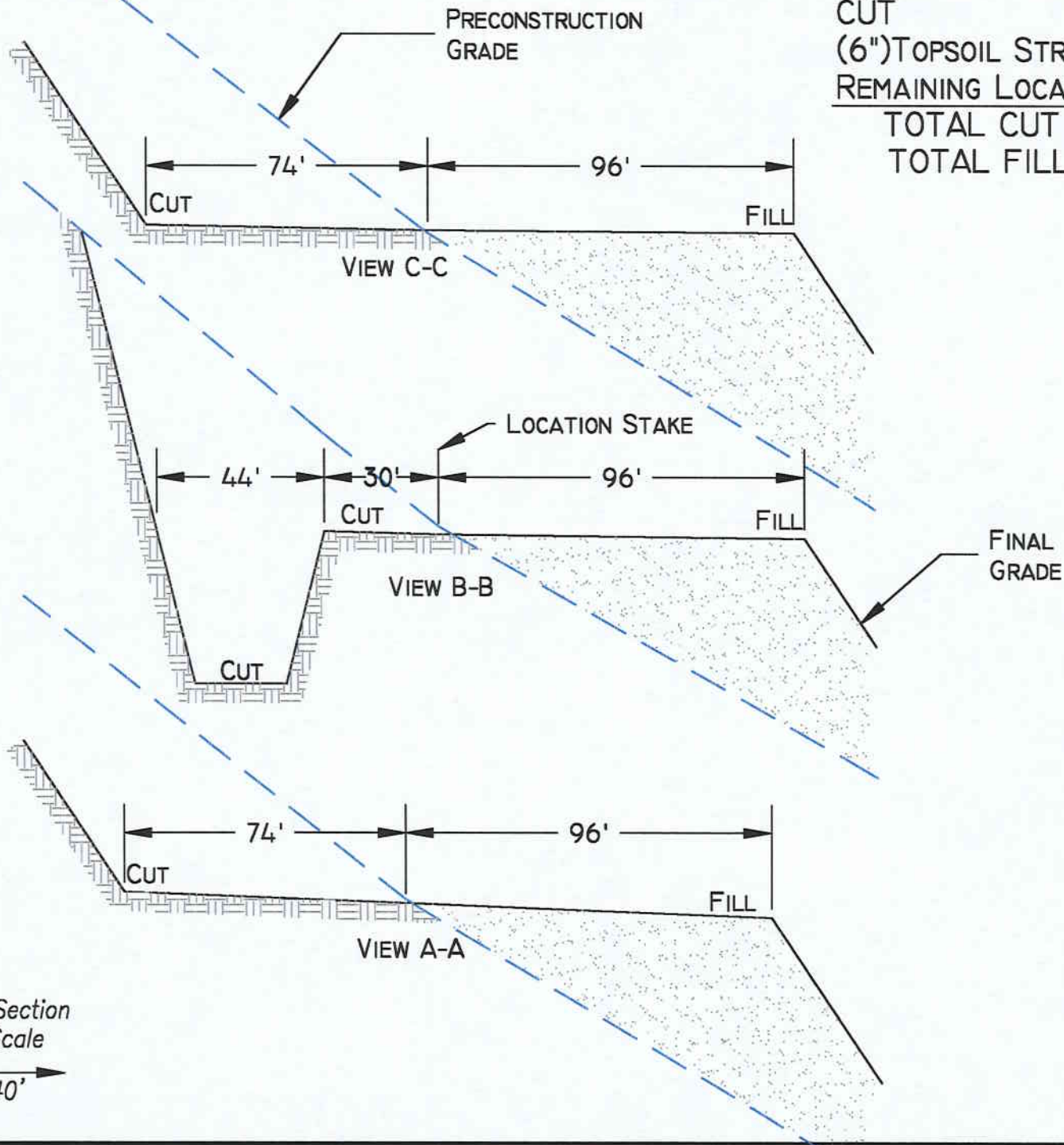
(6") TOPSOIL STRIPPING = 750 CU. YDS.

REMAINING LOCATION = 5,295 CU. YDS.

TOTAL CUT = 6,295 CU. YDS.

TOTAL FILL = 6,108 CU. YDS.

1" = 10'
X-Section
Scale
1" = 40'



SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 : 1



Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603

KLABZUBA OIL & GAS
TYPICAL CROSS SECTION
Section 19, T14S, R8E, S.L.B.&M.
Gordon Creek State
19-14-8b

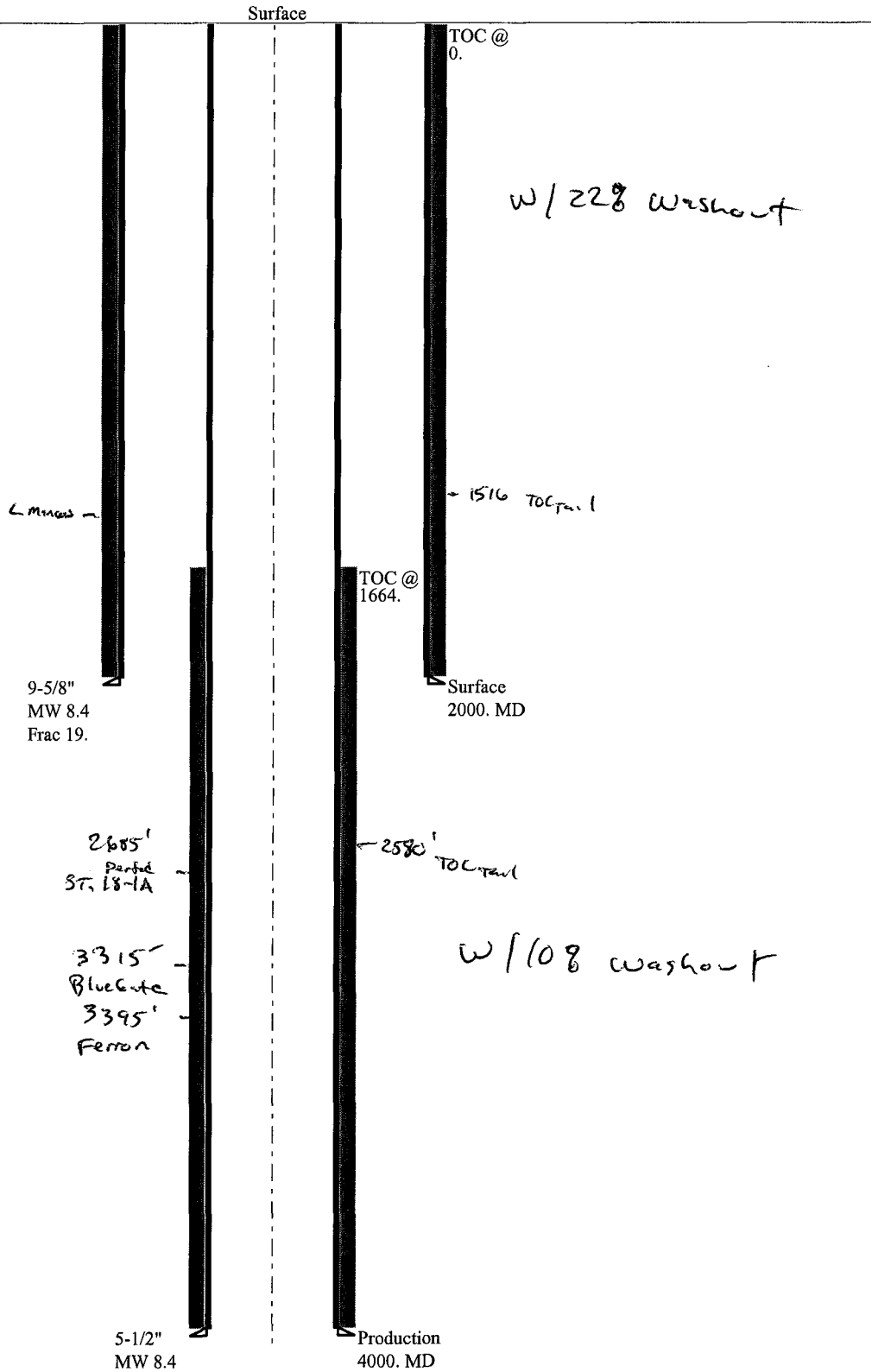
Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 08/21/01
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 429

-01 Klabzuba Gordon Creek 9-14-8(B)
Casing Schematic

BOP
 $(0.052)(8.4)(4000) = 1747 \text{ psi}$
 $\frac{Q_{ws}}{(0.12)(4000)} = 480 \text{ psi}$
 MASP = 1267 psi

3m BOPE proposed
 Adequate

DRD 10/1/2001



Well name:

10-01 Klabzuba Gordon Creek 19-14-8(B)Operator: **Klabzuba Oil & Gas Inc.**String type: **Surface**

Project ID:

43-007-30807Location: **Carbon County****Design parameters:****Collapse**

Mud weight: 8.400 ppg

Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No

Surface temperature: 65 °F

Bottom hole temperature: 93 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 250 ft

Cement top:

Surface**Burst**

Max anticipated surface pressure: 0 psi

Internal gradient: 0.436 psi/ft

Calculated BHP 873 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.

Neutral point: 1,751 ft

Re subsequent strings:

Next setting depth: 4,000 ft

Next mud weight: 8.400 ppg

Next setting BHP: 1,745 psi

Fracture mud wt: 19.000 ppg

Fracture depth: 2,000 ft

Injection pressure 1,974 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ()
1	2000	9.625	36.00	J-55	ST&C	2000	2000	8.796	22126
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	2020	2.31	873	3520	4.03	72	394	5.47 J

Prepared by: Dustin Doucet
Utah Dept. of Natural ResourcesPhone: 801-538-5281
FAX: 801-359-3940Date: October 1,2001
Salt Lake City, Utah**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:

10-01 Klabzuba Gordon Creek 19-14-8(B)Operator: **Klabzuba Oil & Gas Inc.**String type: **Production**

Project ID:

43-007-30807Location: **Carbon County****Design parameters:****Collapse**Mud weight: 8.400 ppg
Design is based on evacuated pipe.**Minimum design factors:****Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 121 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top:

1,664 ft
w/10% w/c**Burst**Max anticipated surface pressure: 0 psi
Internal gradient: 0.436 psi/ft
Calculated BHP 1,745 psi

No backup mud specified.

Tension:8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.

Neutral point: 3,492 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ()
1	4000	5.5	15.50	J-55	ST&C	4000	4000	4.825	16934
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1745	4040	<u>2.31</u>	1745	4810	<u>2.76</u>	62	202	<u>3.26 J</u>

Prepared Dustin Doucet
by: Utah Dept. of Natural ResourcesPhone: 801-538-5281
FAX: 801-359-3940Date: October 1, 2001
Salt Lake City, Utah**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 4000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

TALON RESOURCES, INC.

375 S. Carbon Ave. (A-10), Suite 101, Price, Utah 84501
Phone: (435) 637-8781 (435) 650-1886 Fax: (435) 636- 8603

Fax Transmittal Cover Sheet

Date: 09-28-01

Number of pages: 3

Message To: Lisha Cordova-- Division of Oil, Gas, and Mining

Telephone Number: 1-801-538-5296

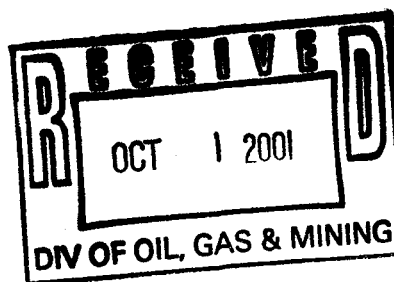
Fax Number: 1-801-359-3940

Lisha:

Klabzuba submitted the bond to Ed Bonner at SITLA and it has probably not been forwarded for your review. I am faxing the bond to you to expedite the review on your end.

Thank you for your patience;

Don



BOND NUMBER B32644629

Corporate Surety Bond

STATE OF UTAH
BOND OF LESSEE

KNOW ALL MEN BY THESE PRESENTS, that we Klabzuba Oil & Gas, Inc. of Fort Worth, Texas as principal and Gulf Insurance Company as surety, are held and firmly bound unto the State of Utah in the sum of Twenty Thousand Dollars (\$20,000) lawful money of the United States to be paid to the School & Institutional Trust Lands Administration, as agent for the State of Utah, for the use and benefit of the State of Utah, and of any patentee or purchaser of any portion of the land covered by the hereinafter described lease heretofore sold or which may hereafter be sold with a reservation to the State of Utah, on the surface or of other mineral deposits of any portion of such lands, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators, successors, sublessees, and assignees, jointly and severally by these presents.

Signed with our hands and seals this 11th day of September, 2001.

The condition of the foregoing obligation is such that,

WHEREAS, The State of Utah, as Lessor, issued a(n) Oil & Gas lease, Lease Number ML27908 and dated October 1, 1971 to same as lessee (and said lease has been duly assigned under date of to) to drill for, mine, extract, and remove all of the Oil & Gas deposits in and under the following described lands, to wit:

Well Name: Gordan Creek Estate 19-14-8 "B"
Section 19, Township 14S, Range 8E
NE/4 SW/4
Carbob County, Utah

NOW, THEREFORE, the principal and surety shall be obligated to pay all monies, rentals, royalties, costs of reclamation, damages to the surface and improvements thereon and any other damages, costs, expenses, penalties, interest or liabilities which arise by operation of or in connection with the above described lease(s) accruing to the Lessor and shall fully comply with all other terms and conditions of said lease, the rules, regulations, and policies relating thereto of the School & Institutional Trust Lands Administration, the Board of Oil, Gas and Mining, and the Division of Oil, Gas and Mining as they may now exist or may from time to time be modified or amended. This obligation is in effect even if the principal has conveyed part of its interest to a successor in interest. If the principal fully satisfies the above described obligations, then the surety's obligation to make payment to the State of Utah is void and of no effect, otherwise, it shall remain in full force and effect until released by the School & Institutional Trust Lands Administration.

Signed, sealed and delivered
in the presence of

Mary Chapa
Witness Mary Chapa

Lorraine Cook
Witness Lorraine Cook

APPROVED AS TO FORM
MARK L. SHURTLEFF
Attorney General

By [Signature]

Klabzuba Oil & Gas, Inc.

[Signature] (SEAL)
Principal James E. English, Jr., CFO

BONDING COMPANY

BY Gulf Insurance CompanyAttest: Joyce Myers
Joyce Myers, Attorney-in-Fact

Resident Agent:

Bonding Co. Address: 110 West "A" Street, Suite 1805San Diego, CA. 92101

Corporate Seal of Bonding Company Must be Affixed.

**GULF INSURANCE COMPANY
HAZELWOOD, MISSOURI
POWER OF ATTORNEY**

ORIGINALS OF THIS POWER OF ATTORNEY ARE PRINTED ON BLUE SAFETY PAPER WITH TEAL INK.

KNOW ALL MEN BY THESE PRESENTS: That the Gulf Insurance Company, a corporation duly organized under the laws of the State of Missouri, having its principal office in the city of Irving, Texas, pursuant to the following resolution, adopted by the Finance & Executive Committee of the Board of Directors of the said Company on the 10th day of August, 1993, to wit:

"RESOLVED, that the President, Executive Vice President or any Senior Vice President of the Company shall have authority to make, execute and deliver a Power of Attorney constituting as Attorney-in-Fact, such persons, firms, or corporations as may be selected from time to time; and any such Attorney-in-Fact may be removed and the authority granted him revoked by the President, or any Executive Vice President, or any Senior Vice President, or by the Board of Directors or by the Finance and Executive Committee of the Board of Directors.

RESOLVED, that nothing in this Power of Attorney shall be construed as a grant of authority to the attorney(s)-in-fact to sign, execute, acknowledge, deliver or otherwise issue a policy or policies of insurance on behalf of Gulf Insurance Company.

RESOLVED, that the signature of the President, Executive Vice President or any Senior Vice President, and the Seal of the Company may be affixed to any such Power of Attorney or any certificate relating thereto by facsimile, and any such powers so executed and certified by facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond and documents relating to such bonds to which they are attached."

Gulf Insurance Company does hereby make, constitute and appoint

**JOYCE MYERS OR BRENDA HILL OR PHILLIP E. LUEBBEHOSEN OR
KYRA REED
Of Fort Worth in the state of Texas**

its true and lawful attorney(s)-in-fact, with full power and authority hereby conferred in its name, place and stead, to sign, execute, acknowledge and deliver in its behalf, as surety, any and all bonds and undertakings of suretyship, and to bind Gulf Insurance Company thereby as fully and to the same extent as if any bonds, undertakings and documents relating to such bonds and/or undertakings were signed by the duly authorized officer of the Gulf Insurance Company and all the acts of said attorney(s)-in-fact, pursuant to the authority herein given, are hereby ratified and confirmed.

The obligation of the Company shall not exceed three million (3,000,000) dollars.

IN WITNESS WHEREOF, the Gulf Insurance Company has caused these presents to be signed by any officer of the Company and its Corporate Seal to be hereto affixed.

STATE OF NEW YORK } SS
COUNTY OF NEW YORK }

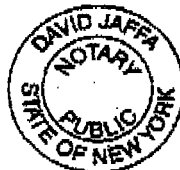


GULF INSURANCE COMPANY

Lawrence P. Miniter
Lawrence P. Miniter
Executive Vice President

On this 16th day of November, A.D. 2000, before me came Lawrence P. Miniter, known to me personally who being by me duly sworn, did depose and say: that he resides in the County of Bergen, State of New Jersey; that he is the Executive Vice President of the Gulf Insurance Company, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instruments is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name, thereto by like order.

STATE OF NEW YORK } SS
COUNTY OF NEW YORK }



David Jaffe
David Jaffe
Notary Public, State of New York
No. 02JA4958634
Qualified in Kings County
Commission Expires December 30, 2001

I, the undersigned, Senior Vice President of the Gulf Insurance Company, a Missouri Corporation, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full force.

Signed and Sealed at the City of New York.



Dated the 11th day of September 20 01

George Biancardi

George Biancardi
Senior Vice President



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

October 1, 2001

Klabzuba Oil & Gas, Inc.
700 17th Street, Suite 1300
Denver, CO 80202

Re: Gordon Creek, State 19-14-8 (B) Well, 1404' FSL, 1703' FWL, NE SW, Sec. 19, T. 14
South, R. 8 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-30807.

Sincerely,

John R. Baza
Associate Director

dm

Enclosures

cc: Carbon County Assessor
SITLA

Operator: Klabzuba Oil & Gas, Inc.
Well Name & Number Gordon Creek, State 19-14-8 (B)
API Number: 43-007-30807
Lease: ML 27908

Location: NE SW Sec. 19 T. 14 South R. 8 East

Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

KLABZUBA OIL & GAS, INC.

Legacy Tower, Suite 1300
700 Seventeenth Street
Denver, Colorado 80202-3512
Phone: 303-299-9097 Fax: 303-299-9087

December 18, 2002

RECEIVED

Utah Division of Oil, Gas and Mining
1594 W. North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

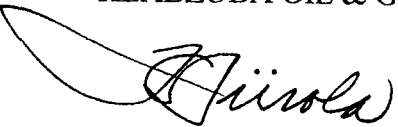
DIV. OF OIL, GAS & MINING

Re: Thomas W. Clawson, Esq.

To whom it may concern:

By its signature below, Klabzuba Oil & Gas, Inc. (Klabzuba) hereby consents to Thomas W. Clawson, Esq.'s examination of all well files, including APD files, associated with wells operated or proposed by Klabzuba's in the W/2 of Section 19, Township 14 South, Range 8 East, SLM, Carbon County, Utah.

KLABZUBA OIL & GAS, INC.


T.C. Siirola
Land Manager

NENW 43 007 16108
SE NW 43 007 30724 - Conf.
NE SW ~~43 007 30724~~ - Conf.

Principal Office
Lexington Place
930 West First Street
Fort Worth, Texas 76102
Phone 817-336-5757 FAX 817-336-5927

Havre Office
48 Second Avenue
P.O. Box 40
Havre, Montana 59501
Phone 406-262-9912 FAX 406-262-9400

Arkoma Basin Office
5908 Jenny Lind Road
Fort Smith, Arkansas 72908-7497
Phone 501-649-0300 FAX 501-649-0500

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
☐ Oil Well ☒ Gas well ☐ Other

2. Name of Operator
KLABZUBA OIL & Gas INC.

3. Address and Telephone No.
700 Seventeenth Street, Suite 1300 Denver, CO 80202 (303) 299-9097

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
NE/SW 1404' E₃ & 1703' FWL Section 19-T14S-R8E

5. Lease Designation and Serial No.
ML-27908

6. If Indian, Allottee or Tribe Name
NA

7. If unit or CA, Agreement Designation
NA

8. Well Name and No.
Gordon Creek State 19-14-8 (B)

9. API Well No.
43-007-30807

10. Field and Pool, or Exploratory Area
Gordon Creek

11. County or Parish, State
Carbon, UT

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

☐ Abandonment

☐ Recompletion

☐ Plugging Back

☐ Casing repair

☐ Altering Casing

☒ Other 1st Production

☐ Change of Plans

☐ New Construction

☐ Non-Routine Fracturing

☐ Water Shut-off

☐ Conversion to Injection

☐ Dispose Water
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

Note: The above referenced well went on 1st production December 3rd, 2002

RECEIVED
DEC 3 1 2002
DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct

Signed George B. Rooney Title Project Engineer Date 12.22.02
George Rooney

(This space of Federal or State office use.)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly to make to any department of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

KLABZUBA OIL & GAS, INC.

Legacy Tower, Suite 1300
700 Seventeenth Street
Denver, Colorado 80202-3512
Phone: 303-299-9097 Fax: 303-299-9087

RECEIVED

JAN 03 2003

DIV. OF OIL, GAS & MINING

December 26, 2002

Division of Oil, Gas, and Mining
P.O. Box 145801
Salt Lake City, UT 84114-4820
Attn: Brad Hill

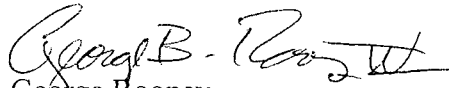
Dear Brad,

Enclosed are completion reports for the new wells in Gordon Creek operated by Klabzuba Oil & Gas Inc. I have provided the information on a Federal Completion Report, as the State form (a pdf file) does not accommodate providing the information requested. Hopefully this is OK.

Klabzuba requests the information associated with these wells be held tight hole for 1 year, as provided by State statutes. I will forward copies of the logs in a few weeks, after we get them in the office.

Please call me at (303) 299-9097 ext. 111 if you have any questions.

Sincerely,


George Rooney

Principal Office

Lexington Place
930 West First Street
Fort Worth, Texas 76102
Phone 817-336-5757 FAX 817-336-5927

Havre Office

48 Second Avenue
P.O. Box 40
Havre, Montana 59501
Phone 406-262-9912 FAX 406-262-9400

Arkoma Basin Office

5908 Jenny Lind Road
Fort Smith, Arkansas 72908-7497
Phone 501-649-0300 FAX 501-649-0500

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WORK

OIL ☐ WELL GAS ☒ WELL DRY ☐ Other

1b. TYPE OF WELL

NEW ☒ WELL OR ☐ DEEPEN ☐ PLUG BACK ☐ DIFF ☐ RESVR. Other

2. NAME OF OPERATOR

Klabzuba Oil & Gas Co.

3. ADDRESS AND TELEPHONE NO.

700 17th St. Suite 1300 Denver, CO 80202

4. LOCATION OF WELL (Report locations clearly and in accordance with any State requirements.)*

At Surface

1404' FSL & 1703' FWL (NE/SW) Sec. 19, Twp. 14S, Rng. 8E

At top prod. Interval reported below

Same

At total depth

Same

14. API NO.

43-007-30807

DATE ISSUED

10/01/01

12. COUNTY OR PARISH

Carbon

13. STATE

UT

15. DATE SPUDDED

10/14/01

16. DATE T.D. REACHED

11/13/01

17. DATE COMPL. (Ready to prod.)

12/11/01 SI WO pipeline

18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*

7644' GR

19. ELEV. CASINGHEAD

7655' KB

20. TOTAL DEPTH, MD & TVD

3905' KB

21. PLUG BACK T.D., MD & TVD

3887' KB

22. IF MULTIPLE COMPL.,

HOW MANY*

3

23. INTERVALS

DRILLED BY

----->

ROTARY TOOLS

X

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)*

Ferron SS 3610' - 3848'

25. WAS DIRECTIONAL

SURVEY MADE

No

26. TYPE ELECTRIC AND OTHER LOGS RUN

Open Hole DIGL/SP/CDL/GR/Cal

27. WAS WELL CORED

No

23. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
9-5/8" - J-55	36#	2002'	12-1/4"	560 sxs 50/50 pox & 300 sxs of Class G	
5 1/2" - N-80	17#	3905'	8 3/4"	186 sxs 50/50 Poz & 300 sxs of Prem. AG	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-3/8"	EOT @	
	3730' KB	3695' KB

31. PERFORATION RECORD (Interval, size and number)

INTERVAL	SIZE	SPF/#shots	DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
(Ferron Deep) 3840' - 3848'	0.51"	4/32	Same	Acidize w/500 gal 15% HCL
(Ferron B sand) 3718' - 3740' & 3752' - 3770'	0.42"	4/160	Same	Acidize each interval w/1000 gal 15% HCL
(Ferron C sand) 3616' & 3638' - 3668'	0.51"	4/144	Same	Acidize top interval w/500 gal 15% HCL & bottom w/1500 gal 15% HCL

33.* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump)	WELL STATUS (Producing or shut-in)
Shut in, waiting on pipeline	Flowing	Producing as of 12/3/02
DATE OF TEST	HOURS TESTED	CHOKE SIZE
12/01	4 day test per each B: 3718-70' & C: 3610-68'	
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED
540 psig Ferron B	525 psig Ferron C	24-HOUR RATE
		1900 per each Ferron B & C

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

NA

TEST WITNESSED BY

JAN 03 2003

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED George B. Rooney
George RooneyTITLE Petroleum EngineerDATE 12/26/2002

GBRIV

*(See Instructions and Spaces for Additional Data on Reverse Side)

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals, and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries);	38. GEOLOGIC MARKERS				
	FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	<div>NAME</div> <div>MEAS. DEPTH</div> <div>TOP</div> <div>TRUE VERT. DEPTH</div>
				Gorden Creek State 19-14-8 (B)	Emery SS Member (Mancos) L. Mancos (Base Sandy Zones) Mancos Blue Gate Marker Ferron Top Ferron Marine Lower Ferron Sand @ surface 1950' 3501' 3610' 3630' 3840'

RECEIVED

JAN 03 2003

DIV. OF OIL, GAS & MINING

ENTITY ACTION FORM

Operator: Klabzuba Oil & Gas Inc. Operator Account Number: N 1325
Address: 4100 1st Street West
city Havre
state MT zip 59501 Phone Number: (406) 262-9900

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
4300730874	Gordon Creek State 1-19-14-8	sene	19	14S	8E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	13646	10/20/2002	10-31-02		
Comments: CONFIDENTIAL						

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
4300730044	Gordon Creek Unit #1	nwse	19	14S	8E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	13707	10/8/2002	1-21-03		
Comments: Spud Date: 01/11/79 Re-Entry Date: 10/08/02						

CONFIDENTIAL

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County
4300730807	Gordon Creek State 19-14-8 (B)	nws	19	14S	8E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	13708	10/14/2002	1-21-03		
Comments: CONFIDENTIAL						

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

George Rooney

Name (Please Print)

Signature

Project Engineer

Title

1/21/2003

Date

RECEIVED

JAN 21 2003

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: KLABZUBA OIL & GAS INC

Today's Date: 10/14/2003

Well:

API Number:

Drilling Commenced:

LOGS ONLY NOT RECEIVED

GORDON CREEK STATE 19-14-8

4300730724

GORDON CREEK STATE 19-14-8 (B)

~~4300730807~~

GORDON CREEK STATE 1A-18-14-8

4300730892

GORDON CREEK STATE 1-19-14-8

4300730874

GORDON CREEK STATE 4-18-14-8

4300730881

GORDON CREEK UNIT 1

4300730044

OPEN HOLE NEC/IL/DN/GR LOG ONLY

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining

1594 West North Temple, Suite 1210

P.O. Box 145801

Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc:

Compliance File

OPERATOR CHANGE WORKSHEET**ROUTING**

1. DJJ

2. CDW

X Change of Operator (Well Sold)

Designation of Agent/Operator

Operator Name Change

Merger

The operator of the well(s) listed below has changed, effective:

1/1/2006**FROM: (Old Operator):**

N1325-Klabzuba Oil & Gas, Inc.
700 17th St, Suite 1300
Denver, CO 80202-3512

Phone: 1-(303) 299-9097

TO: (New Operator):

N2560-Fellows Energy Ltd.
8716 Arapahoe Road
Boulder, CO 80303

Phone: 1-(303) 926-4415

CA No.**Unit:****WELL(S)**

NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS	
GORDON CREEK ST 3-5-14-8	05	140S	080E	4300730932		State	GW	APD	C
GORDON CREEK ST 1-7-14-8	07	140S	080E	4300730902		State	GW	APD	C
GORDON CREEK ST 3-7-14-8	07	140S	080E	4300730903		State	GW	APD	C
GORDON CREEK ST 4-7-14-8	07	140S	080E	4300730904		State	GW	APD	C
GORDON CREEK ST 4-18-14-8	18	140S	080E	4300730881	13665	State	GW	S	
GORDON CREEK ST 1A-18-14-8	18	140S	080E	4300730892	13709	State	GW	P	
GORDON CREEK U 1	19	140S	080E	4300730044	13707	State	GW	P	
GORDON CREEK ST 19-14-8	19	140S	080E	4300730724	13251	State	GW	P	
GORDON CREEK ST 19-14-8 (B)	19	140S	080E	4300730807	13708	State	GW	S	
GORDON CREEK ST 1-19-14-8	19	140S	080E	4300730874	13646	State	GW	P	
GORDON CREEK ST 2-20-14-8	20	140S	080E	4300730883	13694	State	GW	TA	
GORDON CREEK ST 3-20-14-8	20	140S	080E	4300730905		State	GW	APD	C
BURNSIDE 29-14-8	29	140S	080E	4300730725	13250	Fee	GW	S	
GORDON CREEK ST 2-29-14-8	29	140S	080E	4300730906		State	GW	APD	C
GORDON CREEK ST 1-30-14-8	30	140S	080E	4300730875		State	GW	APD	C

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 3/28/20062. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 3/28/20063. The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 5/25/20054. Is the new operator registered in the State of Utah: YES Business Number: 5589189-01435. If **NO**, the operator was contacted on:6a. (R649-9-2) Waste Management Plan has been received on: Requested 3/29/20066b. Inspections of LA PA state/fee well sites complete on: n/a

15-K

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: SEE ATTACHMENT
2. NAME OF OPERATOR: KLABZUBA OIL & GAS, INC.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 700 17th St., Suite 1300 CITY Denver STATE CO ZIP 80202-3512 PHONE NUMBER: (303) 299-9097		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: SEE ATTACHMENT COUNTY: CARBON		8. WELL NAME and NUMBER: SEE ATTACHMENT
CTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		9. API NUMBER:
		10. FIELD AND POOL, OR WILDCAT: GORDON CREEK
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Change of Operator from Klabzuba Oil & Gas, Inc. to Fellows Energy, Limited, effective January 1, 2006:

From: N1325
Klabzuba Oil & Gas, Inc.
700 17th Street, Suite 1300
Denver, Colorado 80202-3512

(303) 299-9097

Stephen K. Frazier, Vice President

Date: 3-13-06

To: N2560
Fellows Energy, Limited
8716 Arapahoe Road
Boulder, Colorado 80303

(303) 926-4415

Steven L. Prince, Vice President Operations

Date: 3-13-06

NAME (PLEASE PRINT) _____ TITLE _____
SIGNATURE _____ DATE _____

(This space for State use only)

APPROVED

Earlene Russell

(5/2000)

Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED

MAR 28 2006

DIV. OF OIL

EXHIBIT "A"
SUNDRY NOTICES AND REPORTS ON WELLS

CHANGE OF OPERATOR FROM KLABZUBA OIL & GAS, INC. TO FELLOWS ENERGY, LIMITED, EFFECTIVE JANUARY 1, 2006

API #	Well Name	Description	Lease Serial Number
43-007-30044	Gordon Creek Unit #1	NW/4SE/4 of Section 19, T14S-R8E, SLB&M	ML-46539
43-007-30724	Gordon Creek State 19-14-8	SE/4NW/4 of Section 19, T14S-R8E, SLB&M	ML-27908
43-007-30725	Burnside 29-14-8	NW/4NE/4 of Section 29, T14S-R8E, SLB&M	
43-007-30807	Gordon Creek State 19-14-8(B)	NW/4SW/4 of Section 19, T14S-R8E, SLB&M	ML-27908
43-007-30874	Gordon Creek State 1-19-14-8	SE/4NE/4 of Section 19, T14S-R8E, SLB&M	ML-46539
43-007-30881	Gordon Creek State 4-18-14-8	SE/4SE/4 of Section 18, T14S-R8E, SLB&M	ML-46537
43-007-30883	Gordon Creek State 2-20-14-8	NW/4NW/4 of Section 20, T14S-R8E, SLB&M	ML-46539
43-007-30892	Gordon Creek State 1A-18-14-8	SE/4NE/4 of Section 18, T14S-R8E, SLB&M	ML-46537
43-007-30875	Gordon Creek State 1-30-14-8	NE/4NE/4 of Section 30, T14S-R8E, SLB&M	ML-46539
43-007-30902	Gordon Creek State 1-7-14-8	SE/4NE/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30903	Gordon Creek State 3-7-14-8	SE/4SW/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30904	Gordon Creek State 4-7-14-8	NE/4SE/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30905	Gordon Creek State 3-20-14-8	SW/4SW/4 of Section 20, T14S-R8E, SLB&M	ML-46539
43-007-30906	Gordon Creek State 2-29-14-8	NW/4NW/4 of Section 29, T14S-R8E, SLB&M	ML-46539
43-007-30932	Gordon Creek State 3-5-14-8	SE/4SW/4 of Section 5, T14S-R8E, SLB&M	ML-46537

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING

1. DJJ

2. CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

6/1/2007

FROM: (Old Operator): N2560-Fellows Energy, LTD 8716 Arapahoe Rd Boulder, CO 80303 Phone: 1 (303) 327-1515	TO: (New Operator): N3245-Gordon Creek, LLC 807 N Pinewood Cir Price, UT 84501 Phone: 1 (435) 650-4492
---	--

CA No.

Unit:

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 9/27/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 9/27/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 10/30/2007
- a. Is the new operator registered in the State of Utah: Business Number: 6208039-0160
- b. If **NO**, the operator was contacted on: _____
- a. (R649-9-2)Waste Management Plan has been received on: IN PLACE
- b. Inspections of LA PA state/fee well sites complete on: 6/15/2007
- c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: _____
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: _____
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: 10/15/2007

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 10/15/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 10/15/2007
- Bond information entered in RBDMS on: 10/15/2007
- Fee/State wells attached to bond in RBDMS on: 10/15/2007
- Injection Projects to new operator in RBDMS on: 10/15/2007
- Receipt of Acceptance of Drilling Procedures for APD/New on: 9/27/2007

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: _____
- Indian well(s) covered by Bond Number: _____
- a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number RLB0010790
- b. The **FORMER** operator has requested a release of liability from their bond on: not yet
The Division sent response by letter on: _____

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 10/16/2007

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: See Attachment A
2. NAME OF OPERATOR: Gordon Creek, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 807 North Pinewood Circle CITY Price STATE UT ZIP 84501		7. UNIT or CA AGREEMENT NAME: N/A
PHONE NUMBER: (435) 650-4492		8. WELL NAME and NUMBER: See Attached
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ COUNTY: _____ QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ STATE: UTAH		9. API NUMBER: See Att. A
		10. FIELD AND POOL, OR WILDCAT:

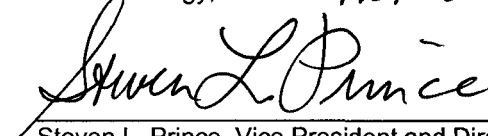
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

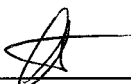
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Change of Operator from Fellows Energy, Ltd. to Gordon Creek, LLC effective June 1, 2007:

Bond # for Gordon Creek, LLC is RLB 0010790


From: Fellows Energy, Ltd. N2560

Steven L. Prince, Vice President and Director
Date: 3 AUGUST 2007

To: Gordon Creek, LLC N3245
By Thunderbird Energy Inc., its Managing Member

Cameron White, President
Date: AUGUST 3, 2007

NAME (PLEASE PRINT) _____ TITLE _____
SIGNATURE _____ DATE _____

(This space for State use only)

APPROVED 10/15/07


Earlene Russell, Engineering Technician

(5/2000)

Division of Oil, Gas and Mining (See Instructions on Reverse Side)

RECEIVED

SEP 27 2007

DIV. OF OIL, GAS & MINING

Fellows Energy, LLC (N2560) to Gordon Creek, LLC (N3245)

well_name	sec	tpw	rng	api	entity	lease	well	stat	flag	unit	qtr_qtr	l_num	op no	zone
GORDON CREEK U 1	19	140S	080E	4300730044	13707	State	GW	P			NWSE	ML-46539	N2560	FRSD
GORDON CREEK ST 19-14-8	19	140S	080E	4300730724	13251	State	GW	P			SENE	ML-27908	N2560	FRSD
BURNSIDE 29-14-8	29	140S	080E	4300730725	13250	Fee	GW	S			NWNE	FEE	N2560	FRSD
GORDON CREEK ST 19-14-8 (B)	19	140S	080E	4300730807	13708	State	GW	S			NESW	ML-27908	N2560	FRSD
GORDON CREEK ST 1-19-14-8	19	140S	080E	4300730874	13646	State	GW	P			SENE	ML-46539	N2560	FRSD
GORDON CREEK ST 4-18-14-8	18	140S	080E	4300730881	13665	State	GW	S			SESE	ML-46537	N2560	FRSD
GORDON CREEK ST 2-20-14-8	20	140S	080E	4300730883	13694	State	GW	S			NWNW	ML-46539	N2560	FRSD
GORDON CREEK ST 1A-18-14-8	18	140S	080E	4300730892	13709	State	GW	P			SENE	ML-46537	N2560	FRSD
GORDON CREEK ST 4-7-14-8	07	140S	080E	4300731230		State	GW	APD	TRUE		NESE	ML-46537	N2560	
GORDON CREEK ST 1-7-14-8	07	140S	080E	4300731231		State	GW	APD	TRUE		SENE	ML-46537	N2560	
GORDON CREEK ST 3-7-14-8	07	140S	080E	4300731232		State	GW	APD	TRUE		SESW	ML-46537	N2560	
GORDON CREEK ST 3-20-14-8	20	140S	080E	4300731233		State	GW	APD			SWSW	ML-46539	N2560	
GORDON CREEK ST 2-29-14-8	29	140S	080E	4300731234		State	GW	APD	TRUE		NWNW	ML-46539	N2560	
GORDON CREEK ST 1-30-14-8	30	140S	080E	4300731235		State	GW	APD	TRUE		NENE	ML-46539	N2560	



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 12, 2008

CERTIFIED MAIL NO. 7004 2510 0004 1824 5896

Mr. Mike Worthington
Gordon Creek, LLC
c/o Thunderbird Energy
744 4th Ave SW Suite # 200
Calgary, AB Canada T2P 3T4

43 007 30807
14S 8E 19
Gordon Creek St 19-14-8(B)

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases

Dear Mr. Worthington,

As of January 2008, Gordon Creek, LLC has one (1) Fee Lease Well and three (3) State Lease Wells (Attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon showing of good cause by the operator (R649-3-36-1.3.3).

The Division has had discussions and correspondence with Gordon Creek, LLC and their predecessors Fellows Energy and Klabzuba about the SI/TA wells in this field. Plans were submitted to plug and abandon a couple of the wells, but no further action has been taken. Gordon Creek, LLC should submit their plans to produce or plug these wells. For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and



Page 2
August 12, 2008
Mr. Mike Worthington

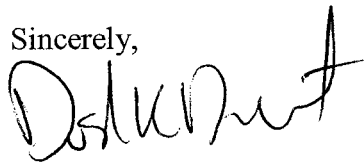
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
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4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet
Petroleum Engineer

JP:js
Enclosure

cc: Jim Davis, SITLA
Compliance File
Well File

ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	Gordon Creek ST 2-20-14-8	43-007-30883	State	5 years 4 months
2	Gordon Creek 19-14-8 (B)	43-007-30807	State	3 years 10 months
3	Gordon Creek 4-18-14-8	43-007-30881	State	3 years 10 months
4	Burnside 29-14-8	43-007-30725	Fee	6 years 9 months



September 12, 2008

Attention: Dustin K. Doucet
Suite 1210-1594 West North Temple
PO Box 145801,
Salt Lake City, UT
84114-5801

Thank you for your letter of August 12, 2008, a copy of which is enclosed. Unfortunately, we just received the letter this week, as we have recently moved our Calgary head office and the letter was not forwarded on from our old office. In order to avoid this type of interruption in the future, I would ask that you amend your records to indicate that the mailing address for Gordon Creek LLC and the parent company Thunderbird Energy Corp, be changed to our corporate head office address, as follows:

847 Hamilton Street
Vancouver, British Columbia
Canada, V6B 2R7

I am also pleased to tell you that Rick Ironside P. Eng has joined us as Chief Operating Officer. Rick is based at our new Calgary office located at:

Suite 645
1010 1st Street S.W.
Calgary, Alberta
T2R 1K4
Phone: 604-453-1608

Our field operations at Gordon Creek are now being run from Price, Utah by Steve Lessar who reports directly to Rick Ironside. Steve's coordinates are:

700 N Molyneux
Price, Utah
84501
Phone: 435-820-1489

We are very active in the Gordon Creek area and are very optimistic about the opportunity to re-activate the wells that are the subject of your letter. I won't discuss them in detail here, as I believe that Rick Ironside is intending to provide you with a review of our current operations and future plans.

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SEP 25 2008

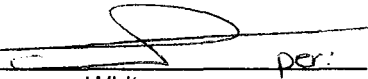
Thunderbird Energy Corporation

DIV. OF OIL, GAS & MINING



Yours truly,

THUNDERBIRD ENERGY CORP.

 per:

Cameron White
President
Enclosure

Cc:

Jim Davis, SITLA
Compliance File
Well File

Rick Ironside,
Chief Executive Officer

Steve Lessar

Thunderbird Energy Corporation

847 Hamilton Street Vancouver, BC, Canada, V6B 2R7 Tel (604) 707-0373 Fax (604) 707-0378 www.thunderbirdenergy.com



JON M. HUNTSMAN, JR.
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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
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Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 12, 2008

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c/o Thunderbird Energy
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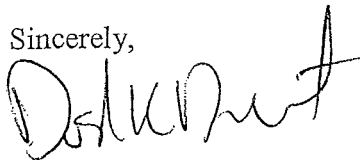
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Sincerely,



Dustin K. Doucet
Petroleum Engineer

JP:js
Enclosure

cc: Jim Davis, SITLA
Compliance File
Well File

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Fax

To: Dustin K. Doucet	From: Nicola Pender
Fax: 1.801.359.3940	Date: September 12 th , 2008
Phone:	Pages: 6 (including cover)
Re: Thunderbird Energy	CC: Rick Ironside, Jim Davis, Steve Lessar

Hi Dustin,

Enclosed is the response to your letter dated August 12th, 2008 to Mike Worthington of Gordon Creek and a copy of the original letter sent.

If you have any questions please do not hesitate to contact me.

Kind regards,

Nicola Pender
Executive Assistant

nicola@thunderbirdenergy.com

Tel: 604-707-0373

Fax: 604-707-0378

RECEIVED

SEP 15 2008

DIV. OF OIL, GAS & MINING



September 12, 2008

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Suite 1210-1594 West North Temple
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Salt Lake City, UT
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Cameron White
President

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SEP 15 2008
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THUNDERBIRD
ENERGY

Enclosure

Cc:

Jim Davis, SITLA
Compliance File
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Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

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SEP 15 2008

DIV. OF OIL, GAS & MINING



Page 2
August 12, 2008
Mr. Mike Worthington

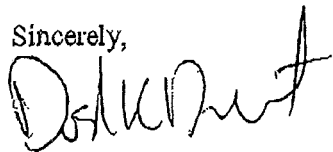
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RECEIVED

SEP 15 2008

DIV. OF OIL, GAS & MINING

**THUNDERBIRD**
ENERGY

Suite 645, 1010 1st Street SW Calgary, Alberta T2R 1K4
(403)453-1609

November 29, 2008

State of Utah
Department of Natural Resources
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84114-5801

Attention: Mr. Dustin K. Doucet
Petroleum Engineer

Dear Sir:

Re: **Gordon Creek LLC**
Extended Shut In and Temporarily Abandoned Well Requirements

Gordon Creek State 2-20-14-8	API	43-007-30883
Gordon Creek State 19-14-8B	API	43-007-30807
Gordon Creek State 4-18-14-8	API	43-007-30881
Burnside 29-14-8	API	43-007-30725

In response to your letter dated August 12, 2008 we wish to advise that Thunderbird Energy Corporation through its wholly owned subsidiary Gordon Creek LLC has embarked on a program of reworking and reactivating wells. The well Gordon Creek State 19-14-8 B has been reactivated and commenced pumping in October. For the other three locations we currently plan to complete the following work within the next twelve months:

Gordon Creek State 2-20-14-8	API	43-007-30883	• Fracture stimulate the existing perforations 3422' – 3444'; 3476' – 3492'
Gordon Creek State 4-18-14-8	API	43-007-30881	• Drill out the bridge plug
			• Re-activate the Ferron sand intervals 3243' – 3308'
Burnside 29-14-8	API	43-007-30725	• Complete and test a Mancos Shale interval still to be determined

If you have any additional questions with regard to these wells, please do not hesitate to contact the undersigned.

Yours truly,
Thunderbird Energy Corporation


Rick J. Ironside, P.Eng., MBA
Chief Operating Officer

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DIV. OF OIL, GAS & MINING



THUNDERBIRD
ENERGY

THUNDERBIRD ENERGY CORPORATION

645, 1010 1st Street S.W.
Calgary, AB T2R 1K4

Phone: 403-453-1608

Fax: 403-453-1609

FAX

To: Dustin Doucet
Fax: (801) 359-3940
Phone: (801) 538-5340
Re: SI/TA Wells

From:

Pages: 2

Date: December 4, 2008

cc:

Comments:

original letter sent by mail

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DEC 04 2008

DIV. OF OIL, GAS & MINING



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 21, 2009

Rick Ironside
Thunderbird Energy
Suite 645, 1010 1st St SW
Calgary, Alberta T2R 1K4

43 007 30807
Gordon Creek St 19.14.8B
145 8E 19

Subject: Gordon Creek State 2-20-14-8 API 43-007-30883, Gordon Creek State 4-18-14-8 API 43-007-30881 and Burnside 29-14-8 API 43-007-30725
Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases Dated August 12, 2008

Dear Mr. Ironside:

The Division of Oil, Gas and Mining (the Division) is in receipt of your letter dated November 29, 2008 (received by the Division on 12/04/2008) in regards to the three (3) shut-in or temporarily abandoned (SI/TA) wells operated by Gordon Creek LLC (Thunderbird). It is the Divisions understanding that Thunderbird plans to complete work on the following wells within the next twelve months: Gordon Creek State 2-20-14-8 (43-007-30883), Gordon Creek State 4-18-14-8 (43-007-30881), & Burnside 29-14-8 (43-007-30725).

The Division does not object to the plan to workover the wells. However, due to insufficient evidence the Division is unable to grant extended SI/TA status for the above said wells. No evidence was received per R649-3-36 providing proof of integrity or lengths of time wells are expected to be shut-in. The Divisions preferred method of demonstrating well integrity is to perform an MIT. Please submit the necessary information to bring these wells back into compliance. Please note approval will be necessary prior to continuing with the planned work for these wells.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,

Dustin K. Doucet
Petroleum Engineer

DKD/JP/js

cc: Jim Davis, SITLA
Well Files
Compliance File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA



UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

NOTICE OF VIOLATION
STATE OF UTAH
OIL AND GAS CONSERVATION ACT

To the following operator:

145 8E 19

Name: Gordon Creek, LLC c/o Thunderbird Energy.

Well(s) or Site(s): 1.) <u>BURNSIDE 29-14-8</u>	API #: <u>43-007-30725</u>
2.) <u>GORDON CREEK ST 1-30-14-8</u>	<u>43-007-31235</u>
3.) <u>GORDON CREEK ST 4-18-14-8</u>	<u>43-007-30881</u>
4.) <u>GORDON CREEK ST 2-20-14-8</u>	<u>43-007-30883</u>
5.) <u>GORDON CREEK ST 3-20-14-8</u>	<u>43-007-31233</u>
6.) <u>GORDON CREEK ST 2-29-14-8</u>	<u>43-007-31234</u>
7.) <u>GORDON CREEK ST 19-14-8 (B)</u>	<u>43-007-30807</u>

Date and Time of Inspection/Violation: November 27, 2012

Mailing Address: Attn: Rick J. Ironside

Suite 800, 555 - 4th Ave SW

Calgary, Alberta, Canada T2P 3E7

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

Description of Violation(s):

Rule R649-3-36, Shut-in and Temporarily Abandoned Wells – Wells 1 - 6 listed above have been Shut-in or Temporarily Abandoned (SI/TA) over 5 consecutive years. Well 7 has been SI/TA over 3 consecutive years. According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After 5 years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

Rule R649-3-4.3, Bonding - If the division finds that a well subject to this bonding rule is in violation of Rule R649-3- 36., Shut-in and Temporarily Abandoned Wells, the division shall require a bond amount for the applicable well in the amount of actual plugging and site restoration costs.

4.4.1. - Within 30 days of notification by the division, the operator shall submit to the division an estimate of plugging and site restoration costs for division review and approval.

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

The Division has previously issued two (2) SI/TA Notices and a Notice of Violation to Gordon Creek LLC/Thunderbird Energy (Thunderbird) regarding these wells. There has not been any evidence of effort being made to bring them out of violation status. These wells are in violation of R-649-3-36 and R649-3-4.3 - 4.4.1 as listed above. The Division requires Thunderbird to put up full cost bonding for all wells in violation above per R649-3-4. It is also mandatory that Thunderbird submit all documentation as required by R649-3-36 concerning shut-in and temporarily abandoned wells.

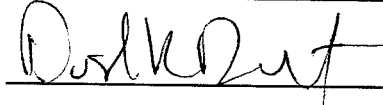
Immediate Action: For the wells subject to this notice, Thunderbird shall fulfill full cost bonding requirements for each well. Thunderbird shall also submit all information as required by R649-3-36 or plug and abandon or place the wells on production.

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: December 27, 2012

Date of Service Mailing: November 28, 2012

Tracking #: 7941 6767 9933



Division's Representative

Operator or Representative

(If presented in person)

6/2005

DKD/JP/js
Enclosure

cc: Jim Davis, SITLA
Compliance File
Well File

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-27908
1. TYPE OF WELL Gas Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: GORDON CREEK, LLC		7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: 1179 E Main #345, Price, UT, 84501		8. WELL NAME and NUMBER: GORDON CREEK ST 19-14-8 (B)
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1404 FSL 1703 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESW Section: 19 Township: 14.0S Range: 08.0E Meridian: S		9. API NUMBER: 43007308070000
PHONE NUMBER: 403 453-1608 Ext		9. FIELD and POOL or WILDCAT: GORDON CREEK
COUNTY: CARBON		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 4/19/2013	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input checked="" type="checkbox"/> SI TA STATUS EXTENSION <input checked="" type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: Fluid Level test to determine
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:			
<input type="checkbox"/> SPUD REPORT Date of Spud:			
<input type="checkbox"/> DRILLING REPORT Report Date:			

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Based on a recommendation from Mr. Dustin Doucet of DOGM, on March 23rd, 2013, a surface casing vent flow check & a tubing annulus fluid level test were performed. There was NO surface casing vent flow & the fluid level was indicated at 3,175.2' from surface. Using that information plus the SICP on the well when the test was done, it was determined that the well appears to have solid integrity as the SICP of 475 psi at surface results in a reservoir pressure calculated from the fluid level test to be NORMAL and IDENTICAL to 2003 pressure data. There is NO indication that ANY wellbore pressure from the existing open perforations is leaking into another zone or back to surface in any manner. Based on this information, we feel this is adequate proof of wellbore integrity in the well and we hereby request an extension to Shut In Status for this well for an additional 12 months

Approved by the
Utah Division of
Oil, Gas and Mining

Date: July 19, 2013

By: Dustin Doucet

NAME (PLEASE PRINT) Barry Brumwell	PHONE NUMBER 403 453-1608	TITLE Vice President-Operations
SIGNATURE N/A	DATE 4/19/2013	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Sundry Conditions of Approval Well Number 43007308070000

Approval valid through May 1, 2014. Periodic monitoring of pressures and fluid levels should be conducted throughout the year to ensure ongoing integrity.



THUNDERBIRD
ENERGY

GORDON CREEK, LLC.

December 19th, 2012

Utah Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84114-5801

Facsimile: (801) 359-3940

Attention: Dustin Doucet
Petroleum Engineer

Re: Notice of Violation dated November 27, 2012
Gordon Creek LLC c/o Thunderbird Energy

- | | |
|--------------------------------|------------------|
| 1.) Burnside 29-14-8 | API 43-007-30725 |
| 2.) Gordon Creek ST 1-30-14-8 | API 43-007-31235 |
| 3.) Gordon Creek ST 4-18-14-8 | API 43-007-30881 |
| 4.) Gordon Creek ST 2-20-14-8 | API 43-007-30883 |
| 5.) Gordon Creek ST 3-20-14-8 | API 43-007-31233 |
| 6.) Gordon Creek ST 2-29-14-8 | API 43-007-31234 |
| 7.) Gordon Creek ST 19-14-8(B) | API 43-007-30807 |

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DIV. OF OIL, GAS & MINING

The purpose of this letter is to provide justification pursuant to Rule R649-3-36 of the Utah Oil and Gas Conservation Act for maintaining these sites in a suspended status until Thunderbird Energy has the appropriate infrastructure and capital in place to proceed with the required additional operations and equipping to place them into production. Planned operations and equipping includes re-completions, wellsite separators, electrification, pumping equipment, pipelines and in the case of 1-30-14-8, re-drilling below surface casing. The issue of wellbore integrity testing is addressed in a separate letter that details the company's plan to prove wellbore integrity for all 7 non-producing wells and the dually completed Gordon Creek State GC1 (4-19-14-8) well. Please note that as of today's date the company has 12 producing and 7 suspended wellbores in total and that the additional letter also addresses every suspended well that the company has in the state of Utah.

First and foremost, based on our recent work and plans for the Gordon Creek area, we are convinced that each and every one of the suspended wellbores has economic potential if what we have determined to be best practices for the area are implemented. Gordon Creek area best practices typically include the following elements:

- Completion of all sand pay intervals with porosity exceeding 7%.
- Completion of all coal pay intervals.
- Proper fracture stimulation of all pay intervals.
- Equipping the well with a properly sized bottom hole pump and pumping unit.
- Well site electrification.
- Installation of a 2 phase well site separator equipped with gas and liquid meters.
- Tying in of the well site to both raw gas and produced water pipeline gathering systems.

As we have learned in recent years in a low gas price environment, it takes more time, a logical and well organized development plan and sufficient available capital to undertake these operations. Given, the company's recent success and an improving natural gas price outlook, we are confident that we will be able to move forward and implement our plan for each of the 7 suspended wells in the medium term (2 to 3 years). Further, as outlined in more detail below, in 2013 we intend to expand our infrastructure to bring all of the sites closer and we intend to re-complete equip and place into production 3 of the 7 suspended wellbores.

2013 Development Plan:

As soon as the 2013 winter closure is over we will be electrifying the GC1 (4-19-14-8) and 19-14-8(A) sites. From there, the next phase of our plan involves the drilling of up to 20 new wells and the re-completion of 3 suspended wells. Several of the new wells are required to prevent pending lease expiries. The electrification and drilling of 20 new wells will expand our facilities taking pipelines and electrification right by wells 4, 5 and 6 as numbered above and in addition bringing those same facilities much closer to the remaining wells 1,2,3 and 7. In this manner, the economic viability of the suspended locations will be significantly improved.

As part of Thunderbird's ongoing best practices, we test and analyze potential ways to improve and make our practices even better. An example of this approach is the conducting of radioactive tracer logs in 3 of the 8 new wells that we just completed. These tracer logs definitely expanded our understanding of how the historical fracture stimulation practices performed and definitely suggested room for improvement. On this basis we fully intend to do some similar type testing and analysis on the first 3 re-completions planned for 2013 such that we may use those results to modify and improve our plans for the remaining suspended wells.

Specifically, Thunderbird plans to recomplete the following 3 locations in 2013.

Gordon Creek ST 4-18-14-8	API 43-007-30881
Gordon Creek ST 3-20-14-8	API 43-007-31233
Gordon Creek ST 2-29-14-8	API 43-007-31234

At the end of 2013, this plan will leave 3 sites requiring a re-completion and 1 site requiring a re-drill. We are confident that the remaining 4 sites will be remedied before the end of 2015. However, should we be disappointed in the results of the 3 re-completions slated for 2013, we would likely then revise our plan to abandon and reclaim these sites.

Subject to an annual review and annual proof of wellbore integrity, Thunderbird Energy hereby requests your approval in writing pursuant to Rule R649-3-36 to maintain these wells in a suspended status until we can complete our proposed development plans.

Also pertaining to bonding as required by Rule R649-3-1 subsection 4.4.1, please find attached for each of the seven sites addressed in the Notice of Violation an estimate of the plugging and site restoration costs.

Best Regards;



Barry Brumwell, C.E.T.
Vice President, Operations
Thunderbird Energy / Gordon Creek, LLC.

cc: SITLA, Jim Davis

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DIV. OF OIL, GAS & MINING

GORDON CREEK, LLC.
WELL ABANDONMENT AND SITE RECLAMATION COST ESTIMATES

PURSUANT TO Rule 649.3.1, subsection 4.4.1 - Notice of Violation dated 11/27/2012

BURNSIDE 29-14-8

API #: 4300730725

1	Cost to recover tubulars and run wellbore abandonment plugs, cut and cap wellbore	\$ 22,300.00
2	Cost to restore wellsite	\$ 7,000.00
3	Cost to re-seed wellsite	\$ 1,200.00
4	Salvage value of wellbore and wellsite equipment	<u>-\$ 13,000.00</u>
TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST		\$ 17,500.00

GORDON CREEK ST 1-30-14-8

API #: 4300731235

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	\$ 6,000.00
2	Cost to restore wellsite	\$ 7,000.00
3	Cost to re-seed wellsite	\$ 1,200.00
4	Salvage value of wellbore and wellsite equipment	<u>-\$ 1,500.00</u>
TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST		\$ 12,700.00

GORDON CREEK ST 4-18-14-8

API #: 4300730881

1	Cost to recover tubulars and run wellbore abandonment plugs, cut and cap wellbore	\$ 22,300.00
2	Cost to restore wellsite	\$ 7,000.00
3	Cost to re-seed wellsite	\$ 1,200.00
4	Salvage value of wellbore and wellsite equipment	<u>-\$ 9,100.00</u>
TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST		\$ 21,400.00

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GORDON CREEK ST 2-20-14-8**API #: 4300730883**

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	\$	8,800.00
2	Cost to restore wellsite	\$	7,000.00
3	Cost to re-seed wellsite	\$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-\$	1,500.00

**TOTAL ESTIMATED WELL ABANDONMENT & SITE
RESTORATION COST**

\$ 15,500.00

GORDON CREEK ST 3-20-14-8**API #: 4300731233**

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	\$	8,800.00
2	Cost to restore wellsite	\$	7,000.00
3	Cost to re-seed wellsite	\$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-\$	1,500.00

**TOTAL ESTIMATED WELL ABANDONMENT & SITE
RESTORATION COST**

\$ 15,500.00

GORDON CREEK ST 2-29-14-8**API #: 4300731234**

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	\$	8,800.00
2	Cost to restore wellsite	\$	7,000.00
3	Cost to re-seed wellsite	\$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-\$	1,500.00

**TOTAL ESTIMATED WELL ABANDONMENT & SITE
RESTORATION COST**

\$ 15,500.00

GORDON CREEK ST 19-14-8 (B)**API #: 4300730807**

1	Cost to recover bhp, RODS, tubulars and run wellbore abandonment plugs, cut and cap wellbore	\$	26,800.00
2	Cost to restore wellsite	\$	7,000.00
3	Cost to re-seed wellsite	\$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-\$	30,200.00

**TOTAL ESTIMATED WELL ABANDONMENT & SITE
RESTORATION COST**

\$ 4,800.00

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GORDON CREEK, LLC.

December 18th, 2012

State of Utah - Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84114-5801

VIA FAX: (801) 359-3940

Attention: Mr. Dustin K. Doucet - Petroleum Engineer

Mr. Doucet;

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DEC 26 2012
DIV. OF OIL, GAS & MINING

Re: Gordon Creek, LLC. c/o Thunderbird Energy
Casing Integrity Testing of Shut In Wells:

Burnside 29-14-8	API	43-007-30725
Gordon Creek ST 1-30-14-8	API	43-007-31235
Gordon Creek ST 4-18-14-8	API	43-007-30881
Gordon Creek ST 2-20-14-8	API	43-007-30883
Gordon Creek ST 3-20-14-8	API	43-007-31233
Gordon Creek ST 2-29-14-8	API	43-007-31234
<u>Gordon Creek ST 19-14-8 (B)</u>	API	<u>43-007-30807</u>

We are in receipt of your Notice of Violation(s) dated November 27th, 2012, for the above noted wells.

The intent of this letter is to address the issue of regularly proving wellbore integrity of our shut in wells. All other matters pertaining to the NOV issued will be addressed in a separate letter.

In July – September of 2010, we performed casing integrity pressure testing on ALL of the above noted wells and submitted that test information to you. We didn't receive any response from you requesting any further data or information was required; we therefore assumed that the submissions were acceptable.

We did perform similar testing in 2011, but it appears the test charts weren't submitted to you. I have attached the successful pressure test charts dated 8/12/2011 to this letter for the following 5 of 7 shut in wells:

Burnside 29-14-8	API	43-007-30725
Gordon Creek ST 1-30-14-8	API	43-007-31235
Gordon Creek ST 4-18-14-8	API	43-007-30881
Gordon Creek ST 2-20-14-8	API	43-007-30883
Gordon Creek ST 2-29-14-8	API	43-007-31234

I have been informed by our Production Superintendent, Mr. Steve Lessar that Mark Jones witnessed the 2 tests at the wells 2-20 and 2-29 above and then informed Mr. Lessar he didn't wish to witness the tests on the other wells.

Erroneously, tests were not performed at the same time at the following 2 wells:

Gordon Creek ST 3-20-14-8	API	43-007-31233
Gordon Creek ST 19-14-8 (B)	API	43-007-30807

We sincerely apologize for this oversight.

We clearly recognize that we were remiss for not performing casing integrity pressure testing on ALL of our shut in wells in the calendar year 2012. We wish to rectify that omission, first by performing this testing on the following wells within the next couple of days (***for ALL tests, Mark Jones would be invited to witness the testing procedures***):

Gordon Creek ST 1-30-14-8 API 43-007-31235

This well only has surface casing set in the well and the open hole section below the surface casing was plugged back inside the surface casing with cement. To prove mechanical integrity of this casing string we plan to fill it with inhibited water and to pressure test it to 750 psig for 30 minutes and record the test data on a chart, which would be submitted to you after the test is completed.

Gordon Creek ST 2-29-14-8 API 43-007-31234

This well only has production casing set in the well and a retrievable bridge plug set inside the production casing above the uppermost set of perforations. To prove mechanical integrity of this casing string we plan to fill it with inhibited water and to pressure test it to 750 psig for 30 minutes and record the test data on a chart, which would be submitted to you after the test is completed. We will also test for a surface casing vent flow on this well.

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DIV. OF OIL, GAS & MINING

Gordon Creek ST 2-20-14-8

API 43-007-30883

This well only has production casing set in the well and a retrievable bridge plug set inside the production casing above the uppermost set of perforations. To prove mechanical integrity of this casing string we plan to fill it with inhibited water and to pressure test it to 750 psig for 30 minutes and record the test data on a chart, which would be submitted to you after the test is completed. We will also test for a surface casing vent flow on this well.

Since we have never received written confirmation from you that you approve of the integrity testing methods proposed to you in 2010 by Mr. Rick Ironside, we are going to hold off on performing integrity tests on the following 4 wells until we receive your approval for the testing method: ***(for ALL tests, Mark Jones would be invited to witness the testing procedures):***

Burnside 29-14-8	API	43-007-30725
Gordon Creek ST 4-18-14-8	API	43-007-30881
Gordon Creek ST 3-20-14-8	API	43-007-31233
Gordon Creek ST 19-14-8 (B)	API	43-007-30807

We believe proving mechanical integrity of the production casing string in these wells can be accomplished by pressure testing the annular space between the surface casing and the production casing. During the test, we would:

- Bled any pressure off of the surface casing and ensure that there is no flow.
- Record the production tubing pressure.
- Inject inhibited water and diesel into the annular space to fill the space (the diesel will float on top of annulus and prevent freezing).
- Top up allowing several hours for any trapped air to be displaced.
- Pressure up to 750 psig by hand with a Baker pump and a chart recorder.
- Monitor the production tubing and casing pressures for 24 hours (pressure may fluctuate slightly with daily temperature variation).

As stated above, we will await your approval for the testing method laid out before proceeding.

Dustin, I again apologize for our failing to perform integrity testing on our shut in wells and commit to you that we will do the required testing on the 3 wells (1-30, 2-20 & 2-29) within the next couple of days, with the rest of the wells being tested as soon as possible after your approval for the testing method.

Additionally, at the same time we will perform a Mechanical Integrity Test of our dually producer/injector well at GCU #1, which was last proven in January 2012 with an RA Tracer log.

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DIV. OF OIL, GAS & MINING

We sincerely regret that the "upkeep" of testing of these shut-in wells and the dissemination of our plans for these wells wasn't handled in a timely manner. I commit to you that we will ensure these omissions and errors aren't repeated in the future. Should you have any questions or require further information, please do not hesitate to contact me by telephone at (403) 453-1608 or by email at bbrumwell@thunderbirdenergy.com.

Best regards;

A handwritten signature in blue ink, appearing to read "B Brumwell", with a stylized flourish at the end.

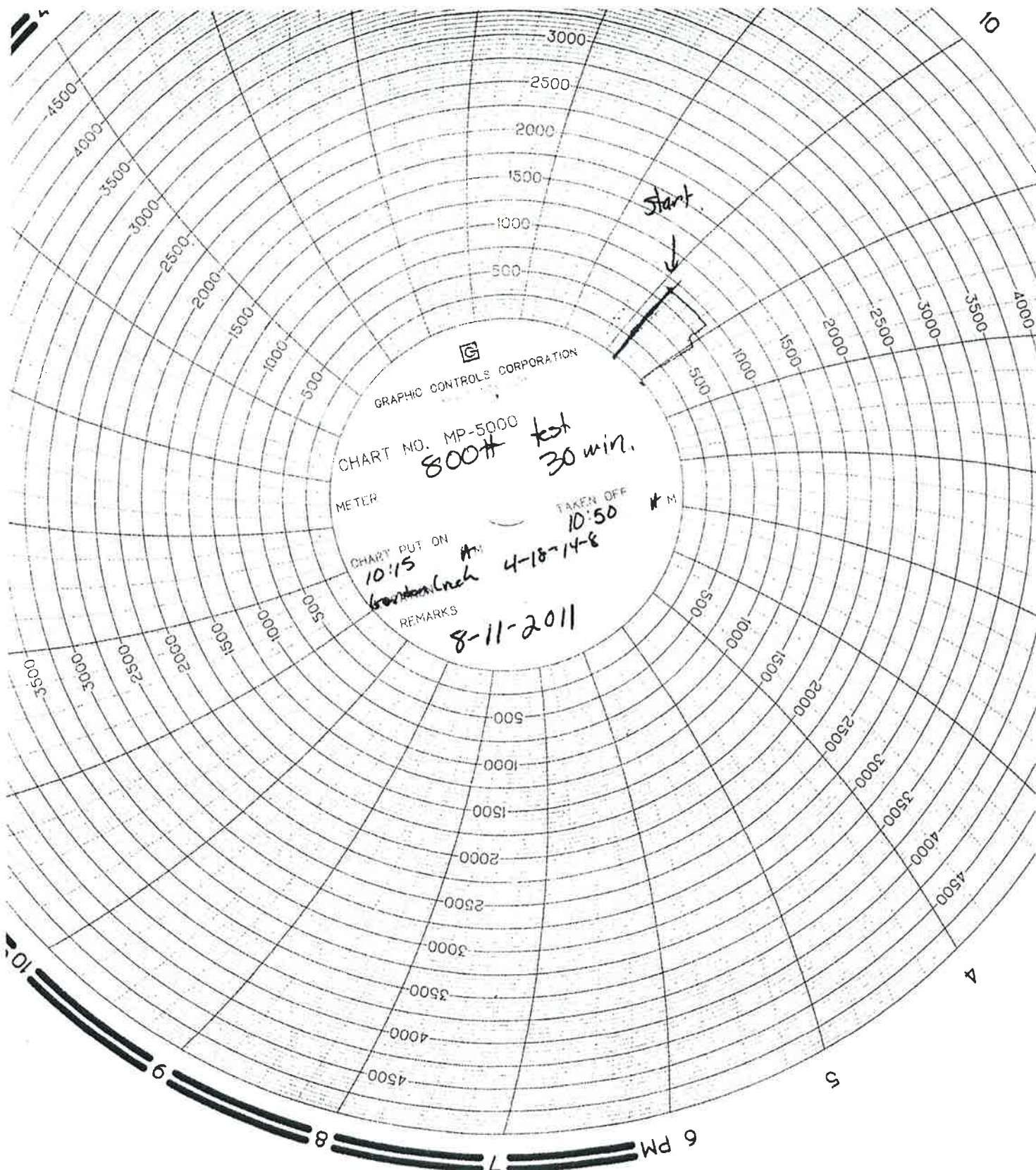
Barry Brumwell, C.E.T.
Vice President of Operations
Thunderbird Energy / Gordon Creek, LLC.

cc: SITLA – Jim Davis

RECEIVED

DEC 26 2012

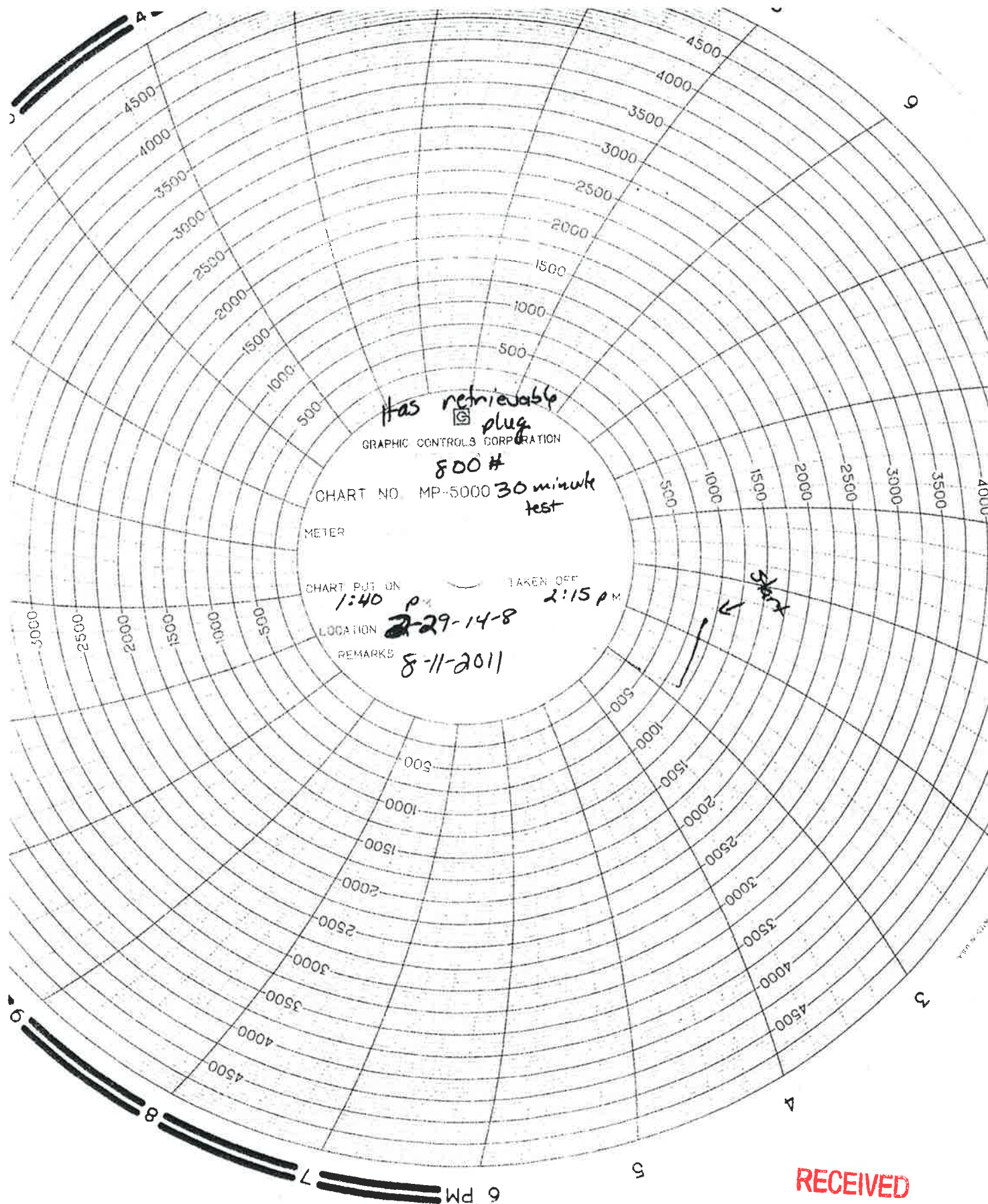
DIV. OF OIL, GAS & MINING



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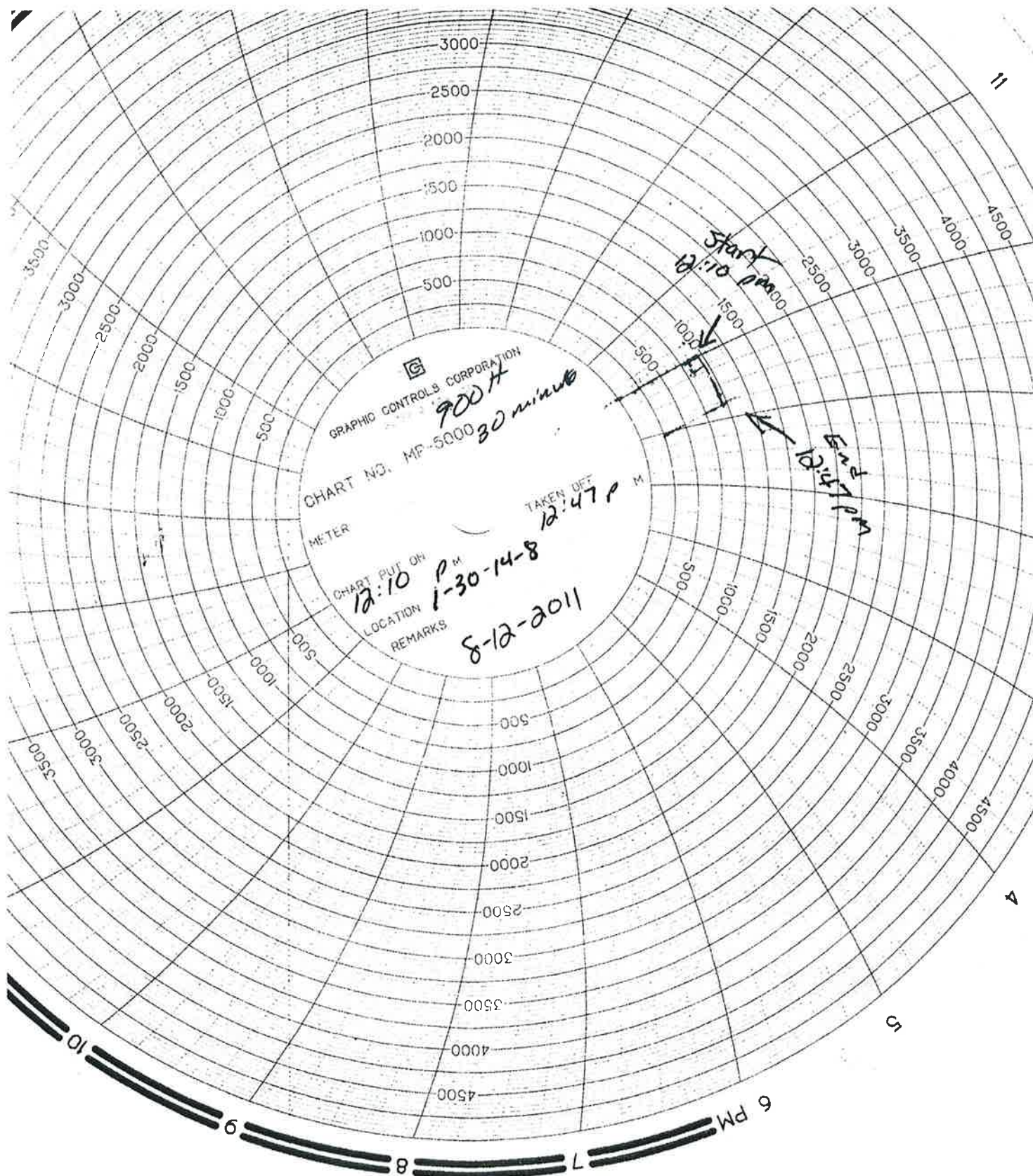
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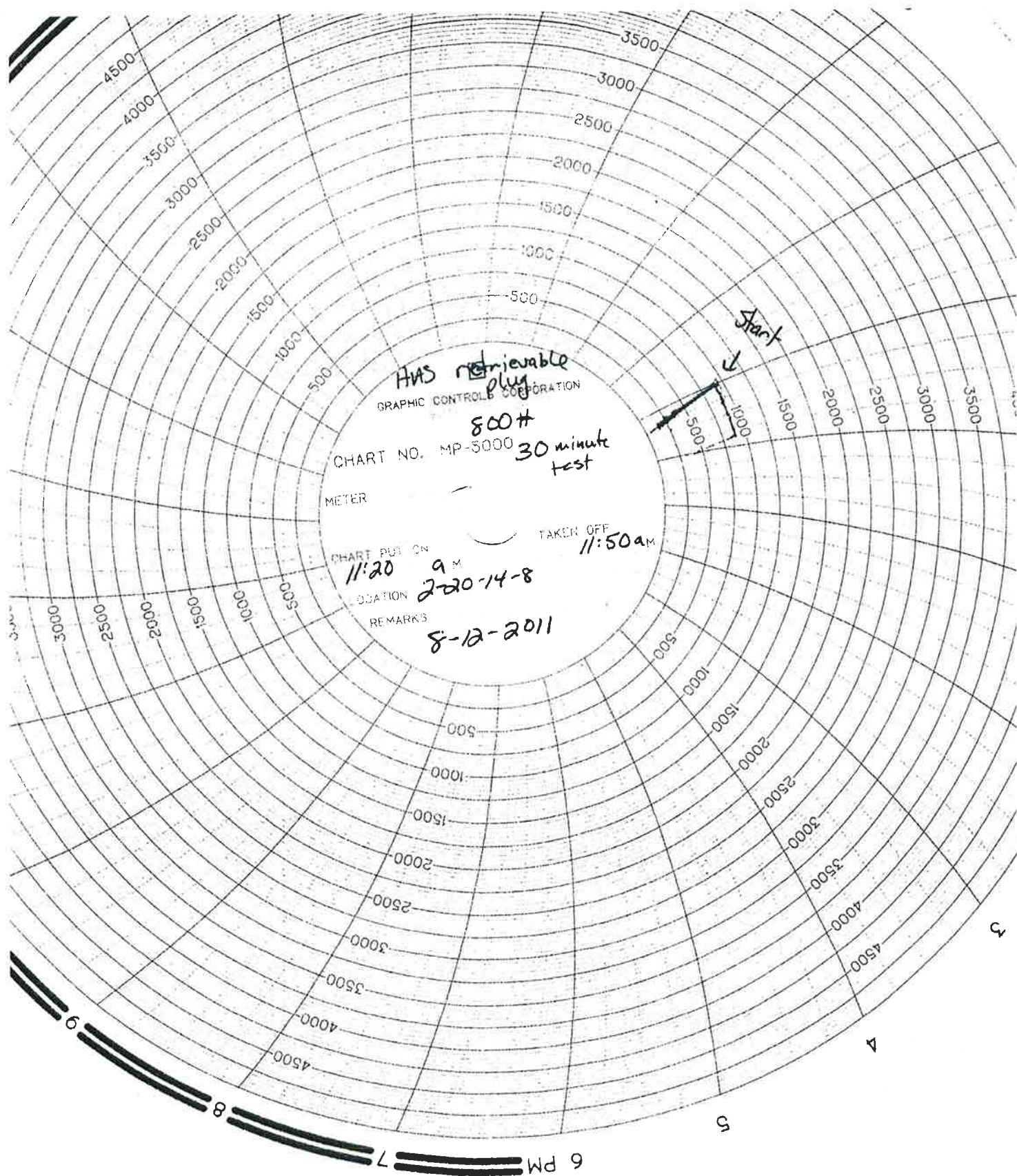
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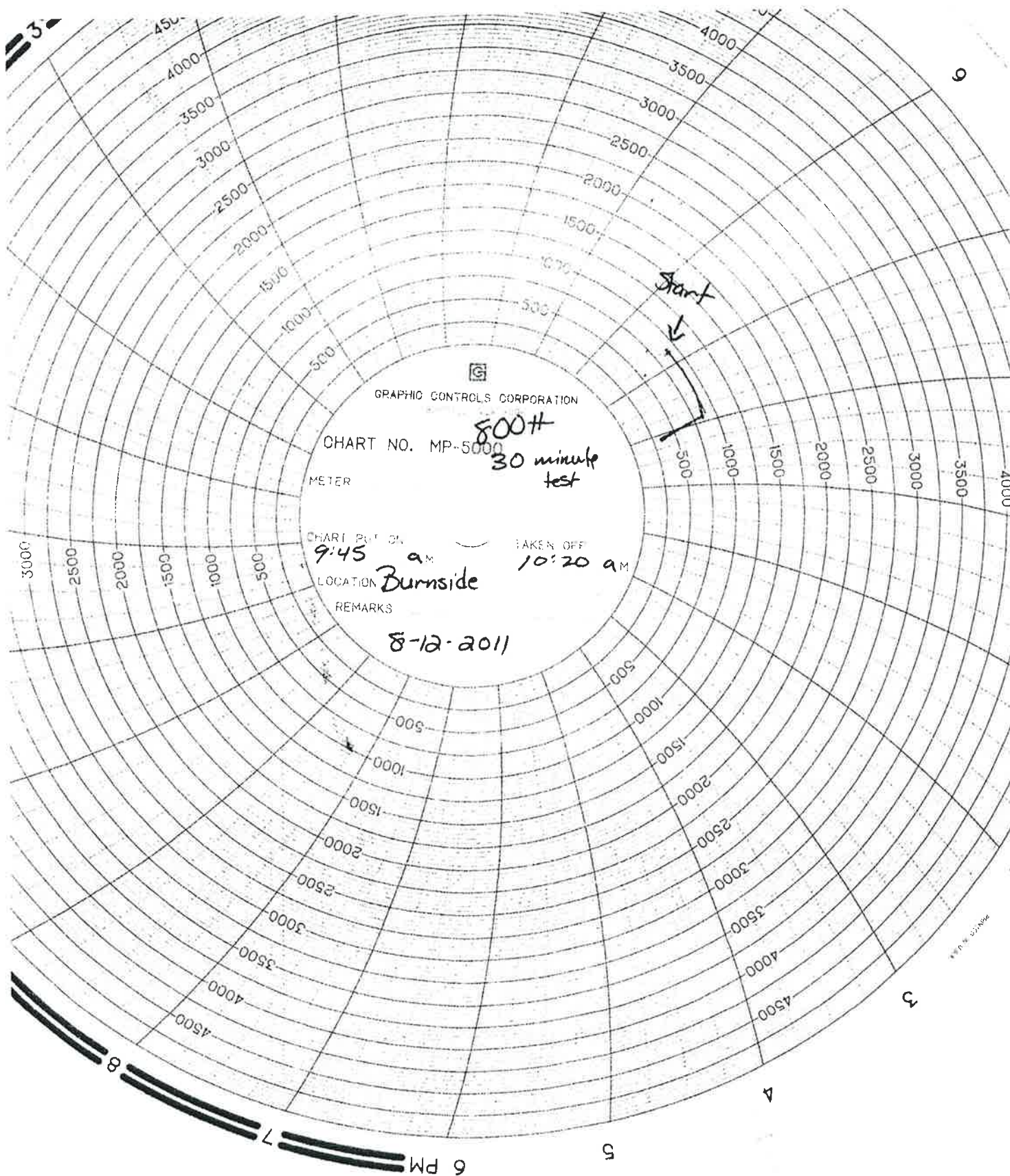
DIV. OF OIL, GAS & MINING



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DEC 26 2012

DIV. OF OIL, GAS & MINING



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DEC 26 2012

DIV. OF OIL, GAS & MINING

Gordon Creek State 19-14-8 (B)

Spud Date: 10/14/01
Put on Production: 12/03/02
GL: 7644' KB: 7655'

Wellbore Diagram
08/08/06

Initial Production: 2500 MCFPD

SURFACE CASING

CSG SIZE: 9-5/8"
GRADE: J-55
WEIGHT: 36#
LENGTH: 2002'
DEPTH LANDED: 2013'
HOLE SIZE: 12-1/4"
CEMENT DATA: 560 sxs 50/50 POZ, 300 sxs Class 'G', no returns, pump 300 sxs. Class 'G' from from top

PRODUCTION CASING

CSG SIZE: 5-1/2"
GRADE: N-80
WEIGHT: 17#
LENGTH: 92 jts. (3895')
DEPTH LANDED: 3905'
HOLE SIZE: 8 3/4"
CEMENT DATA: 186 sxs. 50/50 POZ, 204 sxs. Premium AG 300 sxs
CEMENT TOP AT: 2250' per CBL

TUBING

SIZE/GRADE/WT.: 2-3/8" / J-55 / 4.7#
NO. OF JOINTS: 113jts, 2-8'subs, 1-6' sub, 1 full jt.
SN: Notched Collar on Bottom
PACKER: No Turn Tool below Stator
EOT @ 3675' KB

SUCKER RODS

POLISHED ROD: 1 1/4" x ?
SUCKER RODS: 144-7/8" D Rods plus subs
PUMP SIZE: 2 7/8" x 28" PC Pump
STROKE LENGTH:
PUMP SPEED
LOGS: DIGL/DN/GR/CAL SP Failed

Well Completion

11/16/01 3840'-3848' Acidize as follows:
83 bw (over load), no gas
Ferron Deep 500 gals 15% HCL. Breakdown 1.5 bpm
1800 #, ISIP on vacuum

11/19/01 3752'-3770' Acidize as follows:
120 mcf & 3-4 bwph w/ 75 psi backpressure
Ferron B 1000 gals. 15% HCL, Breakdown 3 bpm
@ 750 #, treat @ 630#, ISIP on vacuum

11/19/01 3718'-3740' Acidize as follows:
1125 mcf & 8 bwph w/ 250 psi backpressure
Ferron B 1000 gals 15% HCL, Breakdown 3 bpm
@ 922#, treat @ 850# down to 450#,
ISIP on vacuum

11/27/01 3638'-3668' Acidize as follows:
Combined Ferron C: 3000 mcf on 40/64 choke 340 psi
backpressure 1500 gal 15% HCL, treat @ 80# 4bpm
ISIP on vacuum 1.604 mmcf .5bwph

11/27/01 3610'-3616' Acidize as follows: bp=610#
Ferron C 500 gals. 15% HCL, max. press. 750#,
ISIP on vacuum

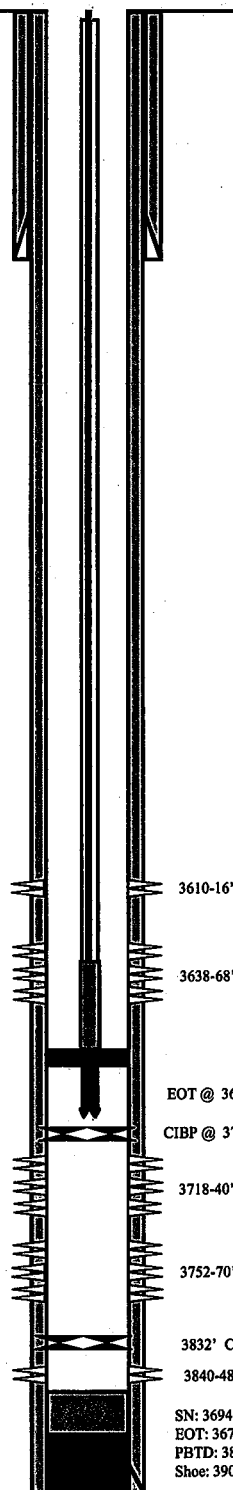
Install PC pump 3/25/04

DEVIATION RECORD

845' - 2°
1345' - 3°
2003' - 4°
2503' - 3°
2909' - 1.5°

PERFORATION RECORD

11/16/01	3840'-3848'	4 JSPP	32 holes
11/19/01	3752'-3770'	4 JSPP	72 holes
11/19/01	3718'-3740'	4 JSPP	88 holes
11/27/01	3638'-3668'	4 JSPP	120 holes
11/27/01	3610'-3616'	4 JSPP	24 holes
02/12/03	Perf tbg above pkr - 4 .30" holes		



Klabzuba Oil & Gas Co.

GORDON CR. ST. 19-14-8 (B)

1404' FSL & 1703' FWL

NE/SW Section 19-T14S-R8E

Carbon Co, Utah

API #43-007-30807

State of Utah Lease # - ML-27908

GORDON CREEK STATE 19-14-8 (B)**CALCULATED RESERVOIR PRESSURE**

<i>SFC CSG VENT FLOW?</i>	<i>JTS TO FLUID</i>	<i>AVG JT LENGTH</i>	<i>ANNULAR FLUID LEVEL</i>	<i>SICP</i>	<i>SITP</i>
<i>(yes/no)</i>	<i>(#)</i>	<i>(ft)</i>	<i>(ft)</i>	<i>(psi)</i>	<i>(psi)</i>
NO	98	32.4	3175.2	475	0

CALCULATED RESERVOIR PRESSURE (at top perf)

$$= \text{SICP} + \text{WATER GRADIENT}$$

$$= 475 \text{ psi} + ((3,610' - 3,175.2') \times 0.052 \times 8.3 \text{ \#/gal})$$

$$= 662 \text{ psi}$$

662 psi is a normal pressure for the Ferron formation in the area. It is therefore assumed that there are no leaks in the production casing annulus and no counter-flow to or from any other zone. The SITP of 0 psi indicates is due to the rotor being landed in the pump stator.



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 27, 2014

Via FedEx

Barry Brumwell
Vice President of Operations
Thunderbird Energy / Gordon Creek, LLC
#800, 555 – 4th Avenue S.W.
Calgary, Alberta, Canada T2P 3E7

Subject: Oil and Gas General Conservation Rule R649-3-36 - Shut-in and Temporarily Abandoned Wells

Dear Mr. Brumwell:

19 143 8E

The Division of Oil, Gas and Mining (the "Division") issued Gordon Creek LLC c/o Thunderbird Energy (Gordon Creek) a Shut-in and Temporary Abandonment Notice of Violation (NOV), dated November 12, 2012, for the following seven (7) wells:

Burnside 29-14-8	API 43-007-30725	SI/TA approval - May 1, 2014
Gordon Creek ST 1-30-14-8	API 43-007-31235	SI/TA approval - Feb 1, 2014
Gordon Creek ST 4-18-14-8	API 43-007-30881	SI/TA approval - May 1, 2014
Gordon Creek ST 2-20-14-8	API 43-007-30883	Subsequent Sundry 2/15/2013 For Record Only
Gordon Creek ST 3-20-14-8	API 43-007-31233	SI/TA approval - May 1, 2014
Gordon Creek ST 2-29-14-8	API 43-007-31234	SI/TA approval - Feb 1, 2014
→ Gordon Creek ST 19-14-8(B)	API 43-007-30807	SI/TA approval - May 1, 2014

In response to the NOV, the Division and Gordon Creek held a December 2012 conference call. Gordon Creek stated they had capital for equipping the field with well-site separators, electrification, pumping equipment and pipelines. Gordon Creek also stated they had capital for drilling additional wells in the field and committed to meeting shut-in well requirements for the above subject wells. Gordon Creek submitted a letter dated December 18, 2012, stating that it conducted casing integrity tests on all of the subject wells between July and September of 2010. Similar tests were also conducted on five (5) of the subject wells in 2011. The integrity tests were submitted to the Division. In addition, Gordon Creek submitted a letter dated December 19, 2012, specifically outlining its 2013 field development plans to electrify parts of the field, recomplete the Gordon Creek ST 4-18-14-18, Gordon Creek ST 3-20-14-8 and Gordon Creek ST 2-29-14-8 wells and drill 20 new additional wells. The Division later granted shut-in and temporary abandonment approvals for six (6) of the seven (7) wells listed above based on submitted sundries meeting shut-in extension requirements and the field plans described in the December 2012 letters with the understanding Gordon Creek would keep the Division updated on field development and any changes to the plans.

If any of the above proposed work was accomplished last year Gordon Creek did not keep the Division informed. We reviewed the Gordon Creek ST 4-18-14-18, Gordon Creek ST 3-20-14-8 and Gordon Creek ST 2-29-14-8 well files and did not find any notices of intent for recompletion or subsequent recompletion sundries for the wells. If work was done on the wells please submit sundries



immediately for the well files. Also, the above extended shut-in approvals required periodic pressure and fluid monitoring to ensure ongoing integrity of the wells. The periodic monitoring should have also been submitted to the Division on individual well sundries for Division review and well files. Shut-in extensions for two of the above wells expired February 1, 2014 and the other four expired May 1, 2014.

As of the date of this letter Gordon Creek currently have seventeen (17) shut-in wells, the above listed seven wells and the following ten (10) new wells:

Gordon Creek ST 1A-18-14-18	API 43-007-30892	Last Prod – June 2013
Gordon Creek NE-31-13-8	API 43-007-50243	Last Prod – May 2013
Gordon Creek NE-32-13-8	API 43-007-50245	Last Prod – March 2013
Gordon Creek SW-32-13-8	API 43-007-50246	Last Prod – June 2013
Gordon Creek NW-5-14-8	API 43-007-50248	Last Prod – July 2013
Gordon Creek ST SW-7-14-8	API 43-007-50242	Last Prod – May 2013
Gordon Creek ST SE-B-7-14-18	API 43-007-50255	Last Prod – April 2013
Gordon Creek NW-32-13-18	API 43-007-50244	Last Prod – Jan 2014
Gordon Creek NW-31-13-8	API 43-007-50250	OPS – Spud Feb 2012
Gordon Creek SE-32-13-8	API 43-007-50247	OPS – Spud Jan 2012

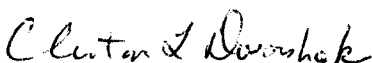
The operator is responsible to file, yearly, for extended shut-in or temporary abandonment for wells shut-in or temporarily abandoned for a period of twelve (12) consecutive months. Gordon Creek must file a Sundry Notice providing the following information for each of the above seventeen listed wells; reasons for shut-in or temporarily abandonment of the well, length of time the well is expected to be shut-in or temporarily abandoned and an explanation and supporting data showing the well has integrity (R649-3-36.1). After review the Division will either approve the continued shut-in or temporarily abandoned status or require remedial action (R649-3-36.2). After five (5) years of non-activity or non-productivity, the well shall be plugged in accordance with R649-3-24, unless approval for extended shut-in time is given by the Division upon a showing of good cause by the operator (R649-3-36.3). Please note, six (6) of the seventeen wells listed above have been shut-in over five (5) years.

Gordon Creek has until **June 30, 2014**, to submit sundries, for the subject wells, in accordance with **Oil and Gas Conservation General Rule 649-3-36 Shut-in and Temporarily Abandoned Wells**.

Should Gordon Creek not meet shut-in and temporarily abandoned well requirements, the Division is prepared to file a Notice of Agency Action (NAA) for Commencement of Informal Adjudicative Proceedings (R649-10-3) for this matter in accordance with Oil and Gas Conservation General Rule R649-10 Administrative Procedures.

If you have any questions or need further assistance, please feel free to contact me at clintondworshak@utah.gov or 801-538-5280 or Dustin Doucet, Petroleum Engineer, at dustindoucet@utah.gov or 801-538-5281.

Sincerely,


Clinton Dworshak
Oil and Gas Compliance Manager

CLD/js
cc: John Rogers, Oil & Gas Associate Director
Dustin Doucet, Petroleum Engineer
Well Files
Compliance File

BEATTY & WOZNIAK, P.C.

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SANTA FE

BRIAN A. TAYLOR

(801) 676-2307
BTAYLOR@BWEENERGYLAW.COM

December 24, 2014

Clinton Dworshak
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116

Dear Clint:

The purpose of this letter is to place in writing the agreement between Gordon Creek Energy, Inc. ("Gordon Creek") and the Utah Division of Oil, Gas and Mining (the "Division"), in order to satisfy the requirements of the August 4, 2014 Division Bonding Order (the "Order") issued by the Division.

At a meeting between Gordon Creek and the Division at the offices of the Division on Wednesday October 29, 2014, the Division and Gordon Creek discussed the various issues associated with Gordon Creek's operations in Utah and the impact the Order has on those operations. As a result of those discussions, it is understood by the Division that Gordon Creek is in the process of obtaining both short term and long term financing to enhance its operations in the State of Utah and that securing this financing is essential for Gordon Creek to acquire the necessary bonding for its wells in the State of Utah. It is anticipated that Gordon Creek will obtain some of this financing in early December 2014. Based on the receipt of those funds, Gordon Creek and the Division agreed to the following terms and conditions to withhold enforcement of the Order:

1. The funds obtained in December of 2014 will be used to re-work Gordon Creeks existing shut-in wells and improve the existing infrastructure of Gordon Creeks operations in the State of Utah. It is anticipated that all re-working activities will be completed by the end of December 2014 for the following wells:

API No.

Well Name

43-007-30881
43-007-30892
43-007-50242

Gordon Creek 4-18-14-8
Gordon Creek 1A-18-14-8
Gordon Creek SW 7-14-8

BEATTY & WOZNIAK, P.C.

Clinton Dworshak
Utah Division of Oil, Gas and Mining
December 24, 2014
Page 2

43-007-50243	Gordon Creek NE 31-13-8
43-007-50244	Gordon Creek NW 32-13-8
43-007-50245	Gordon Creek NE 32-13-8
43-007-50246	Gordon Creek SW 32-13-8
43-007-50248	Gordon Creek NW 5-14-8
43-007-50249	Gordon Creek NE 5-14-8
43-007-50255	Gordon Creek SE B 7-14-8

2. Given the winter closure requirements of the Utah Division of Wildlife Resources, from December 1, 2014 until April 15, 2015, and the amount of surface disturbance required to rework the wells, all re-working activities will be completed by June 30, 2015 for the following wells:

<u>API No.</u>	<u>Well Name</u>
43-007-30725	Burnside 29-14-8
43-007-30807	Gordon Creek ST 19-14-8(B)
43-007-30883	Gordon Creek ST 2-20-14-8
43-007-31233	Gordon Creek ST 3-20-14-8
43-007-31234	Gordon Creek ST 2-29-14-8

3. Gordon Creek will provide Sundry Notices to the Division on the progress of these well and infrastructure activities as required by the Well Workover and Recompletions rule, Utah Admin. Code R649-3-23.
4. The Division will not require Gordon Creek to provide bonding for all of its well locations at once, but will allow it to acquire the necessary depth bonding as described in R649-3-1(5.3) to cover the equivalent of four wells at a time at the rate of \$30,000.00 per well.
5. The existing \$120,000.00 blanket bond and the future bonding or surety, provided by Gordon Creek, as outlined in Paragraph 7 below, will cover all of the wells listed on Schedule A of the Order as two separate blanket bonds. In the event it becomes necessary to use proceeds from the blanket bonds, the Division will apply the proceeds to any one or more of the wells listed on Schedule A at its discretion. As such, if the plugging of a well, or group of a wells, cost less than the estimated \$30,000.00 as outlined in R649-3-1(5.3), the Division can use the remaining amount to plug and/or reclaim any of the other wells and well sites on Schedule A.

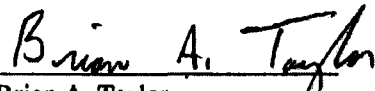
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Clinton Dworshak
Utah Division of Oil, Gas and Mining
December 24, 2014
Page 3

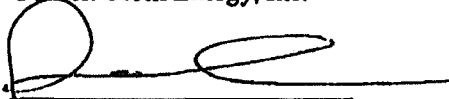
6. The first payment of \$120,000.00 covering the equivalent of four wells will be due and payable by February 27, 2015.
7. Gordon Creek will make additional \$120,000.00 payments every three months until all of the existing shut-in wells listed on Schedule A of the Order are fully covered. These additional payments will be due on or before May 29, 2015, August 31, 2015, and November 30, 2015, with a final payment covering any outstanding amounts by February 27, 2016.
8. In the event Gordon Creek obtains additional long term financing prior to February 27, 2016, it will pay any remaining amount owed to have depth bonding on all of its wells in the State of Utah within 30 days of the closing date of the additional financing.
9. The Division will conduct a surface inspection of the wells listed as "Location Abandoned" on Schedule A of the Order to determine if any reclamation work is needed. In the event no reclamation work is needed, the \$1,500.00 bond requirements listed for those lands will be removed from the total amount owed by Gordon Creek.
10. When Gordon Creek has satisfied the requirements for a blanket bond under R649-3-1 (6), the Division will release all additional bonding required by the Order upon the request of Gordon Creek.

If I have accurately stated our agreement and understanding, please sign below and return to me at your earliest opportunity.

Respectfully,


Brian A. Taylor
Attorney for Gordon Creek Energy

Gordon Creek Energy, Inc.


Rupert Evans
President

BEATTY & WOZNIAK, P.C.

Clinton Dworshak
Utah Division of Oil, Gas and Mining
December 24, 2014
Page 4

The above correctly sets forth our agreement and understanding

Utah Division of Oil, Gas and Mining

Date: 12/30/14

Clinton L Dworshak

By: Clinton Dworshak
Compliance Manager

BAT: dc
5056.0002
334073

cc: John Rogers, Associate Director
Dustin Doucet, Petroleum Engineer
Douglas J. Crapo, Assistant Attorney General
John Robinson Jr., Assistant Attorney General